

EUROPEAN NEWS

Hopes of major Norwegian oil discovery

BY KEVIN DONE, ENERGY CORRESPONDENT

THE RESULTS of the latest exploration well on the so-called "golden block" in the Norwegian sector of the North Sea have strengthened hopes of a major new oil discovery.

Statoil, the Norwegian state oil company, which is the operator for the block, said yesterday that it was "very optimistic" about the discovery. It has refused to speculate on the field's potential reserves, but it is understood that the discovery could eventually come close to rivaling the large Statfjord Field, the biggest oil field yet discovered in the North Sea.

The latest well was the third to be drilled on the block. Two separate structures have been identified on block 34/10, but the main attention is being concentrated on the earliest find.

The latest well was drilled to appraise the wildcat discovery well drilled last year, which produced flows of crude oil of up to 6,600 barrels a day in several tests.

Results of this second well on the structure were released this week and show that three tests produced flows of crude oil of up to 2,800 barrels a day.

Statoil, which has an 85 per cent interest in the block—the

remainder is held by Norsk Hydro and Saga Petroleum—is planning to drill two more wells on this structure before the end of the year.

Meanwhile, the Norwegian Petroleum Directorate has approved a proposal from the Phillips group for a pilot project to test an enhanced recovery scheme for the Ekofisk Field, the main field already in production in the Norwegian sector.

If successful, the plan to begin water injection could significantly add to the recoverable oil reserves in the seven-field Ekofisk complex.

Phillips Petroleum, the operator for the Ekofisk area, said yesterday it would be investing \$14.5m in the pilot project. It is currently able to recover only between 15 and 20 per cent of the oil in place, but water injection could boost recovery to 25-30 per cent.

First water injection is likely to begin in 1981. If the method is successful it will be applied to all the fields in the area.

The injection of either water or gas into an oil reservoir is a standard way of improving the level of recovery and is already being used on several fields in the UK sector of the North Sea.

Restrictions on driving urged in Holland

BY CHARLES BARTCHELOR IN AMSTERDAM

THE NETHERLANDS should ban driving on certain days and levy higher taxes on cars with heavy petrol consumption if the Government's appeal for voluntary savings fails. These recommendations are contained in a report drawn up by the General Energy Council, a government advisory body on energy problems.

The council singled out motor fuel as requiring special attention since the demand for this and other distillates such as jet kerosene and gas oil could lead to sharp price rises on the Rotterdam oil spot market. Only a few months remain to build up the Netherlands' depleted oil supplies if the appeal for voluntary cuts fails, it said.

Mr. Dries van Agt, the Prime Minister, has already indicated he is gloomy about the prospect of achieving the savings by voluntary means. The Government has said however that it would wait until mid-summer before taking further measures.

Immediate action which could be taken to cut the use of fuel by car drivers includes firmer controls on speed limits, restrictions on the opening hours of petrol stations, and a ban on car driving on certain days. It also suggested encouraging car-pooling by allowing cars with three or more occupants to use bus and taxi lanes.

Longer term measures include putting sharply progressive rates of tax on new cars which consume a lot of petrol. Tax measures could also be used to stimulate the use of diesel-engined cars.

A majority of MPs in Parliament appeared in favour of enforcing savings during a debate on the Government's voluntary measures, which were first announced in April.

With the exception of the Liberals, the junior partner in the two-party ruling coalition, all parties were in favour of imposing restrictions.

CARTER AND BREZHNEV SET TO SIGN ARMS TREATY ON MONDAY

Wary Soviet approach to summit

BY DAVID SATTER IN MOSCOW

ON THE EVE of the U.S.-Soviet summit meeting in Vienna, the first in more than five years, a mood of resignation and wariness prevails on the Soviet side.

The Communist Party newspaper Pravda, in its definitive review of the Soviet position before the meeting, has called for new moves toward disarmament but says that because of the activities of those opposed to détente, the development of Soviet-U.S. relations has become "noticeably more complicated in recent years." The tone appeared to reflect sadness rather than anger.

The drafting of the second Strategic Arms Limitation Treaty will be completed in Geneva this weekend after six-and-a-half years of negotiation and the document should be ready for signing by President Carter and Mr. Leonid Brezhnev, the Soviet President, on Monday.

There will also be, during the next few days, much of the symbolism of great power equality and co-operation which is deeply important to the Soviet Union.

There is no reason, however, to expect major progress on any of the remaining basic issues—the Middle East, Africa, disarmament or human rights—over which the Soviet Union and the U.S. have clashed in the recent past.

The Soviet delegation includes Mr. Andrei Gromyko, the Foreign Minister, Mr. Konstantin Chernenko, Mr. Brezhnev's top aide, Mr. Dmitri Ustinov, the Defence Minister, and Marshal Nikolai Ogarkov, the Chief of Staff.

The presence of Mr. Ustinov and Mr. Ogarkov is taken as further confirmation that the Soviet Union would like to discuss a wide range of disarmament measures, including possible progress in the long delayed European troop reduction talks, agreements on conventional weapons transfers, a nuclear testing ban and the proscribing of killer satellites.

No substantial movement in any of these areas is expected, however, in the approximately nine hours of talks that the leaders have scheduled for Saturday, Sunday and Monday. It appears equally unlikely that President Carter will be able to persuade Moscow to moderate its deep opposition to U.S. policies in the Middle East or southern Africa.

More important may be the impressions they take away with them, and a matter of considerable importance for the Soviet side will be the respect with which they are treated by President Carter and his aides.



President Leonid Brezhnev

economic and psychological reasons, but there is no guarantee they will pay the price for it if, in encounters with American leaders, they are not accorded the respectability which, for them, is one of the principal rewards of détente.

The Pravda editorial recalls that during the war the Soviet Union and the U.S. were allies, and relations developed on the basis of "equality and mutual confidence." This equality and co-operation is what the Soviet Union wants today but it wants it on its own terms and without regard to Soviet internal practices or foreign policy in areas not directly bearing on bilateral relations with the U.S.

Pravda says that relations are at a complicated and "contradictory" stage and it is necessary "to draw the proper conclusions" from the "objective processes" before it is "too late."

With Mr. Brezhnev obviously in falling health and with the need for a new balance of forces in the ruling Politburo to make Soviet policy in the post-Brezhnev era, the "proper conclusions" in Soviet eyes may be greater tolerance for their foreign and domestic policies, and before it is "too late" may mean very soon.

Andreotti, Thatcher talks today

By Rupert Cornwell in Rome

EUROPEAN PROBLEMS, notably the EEC budget and the mechanism of the common farm policy, will be at the centre of talks in London today between Mrs. Thatcher and Sig. Giulio Andreotti, the Italian Prime Minister.

The visit of the Italian leader is at the invitation of Mrs. Thatcher, who thus completes an initial series of meetings with the leaders of the other major Common Market countries, after talks with Chancellor Helmut Schmidt and President Giscard d'Estaing.

The primary function of the talks will be exploratory and to help prepare for the forthcoming European Council in Strasbourg and the Western Industrial summit in Tokyo.

Although only caretaker Prime Minister, Sig. Andreotti will be representing Italy on both occasions.

More important, however, will be whether common ground can be established between the two leaders for a co-ordinated approach on key Community issues. Both countries are successful of being among the poorest EEC members and among the largest contributors to the budget.

Similarly, Italy shares several of Britain's grievances against the Common Agricultural Policy as it currently operates. It may find the less rancorous approach of the Conservative Government more to its taste.

Another point likely to be raised by the Italians concerns Britain's position on membership of the European Monetary System, once the first review of its working has been carried out in September.

French curb immigrants

BY DAVID WHITE IN PARIS

FURTHER CONTROLS on immigrant workers in France are contained in a Bill approved by the Cabinet this week.

The Government plans to tighten up on renewal of the work and residence permits held by the country's 4.1m immigrants.

Under the new rules the ordinary work and residence permit will last for three years. Initial plans for one-year papers met fierce protest from the left-wing unions. This will

mean a larger measure of security for many foreign workers currently on one-year papers—that is if their papers are renewed. The rules make this much less automatic than before.

Unlike "privileged residents" whose ten-year permits will be renewed automatically, most will be at the discretion of the prefect of each department, "in the framework of a departmental quota corresponding to job possibilities."

Big investment rise foreseen in W. Germany

BY ROGER BOYES IN BONN

WEST GERMAN industrialists expect real investment in the manufacturing and mining sectors to increase by a healthy 7 per cent this year, according to a survey for release today by IFO, the Munich-based economic research institute.

The report, based on an analysis of the 1979 plans of some 4,000 concerns, reflects the generally high confidence in the German investment climate despite uncertainty over the energy outlook.

IFO noted that investment in manufacturing industry rose last year to DM40.1bn (£10.2bn)

which, after adjustments for price rises, also represents a 7 per cent increase.

A total 54 per cent of the industrialists questioned by IFO said that they would increase investment this year, 25 per cent said they would maintain the 1978 level while 21 per cent said they were intending to cut investment in 1979.

Capital goods investment, IFO said, was proving to be the main force behind the current economic upswing. Although the investment increases are likely to affect every manu-


facturing sector, capital goods will attract the most investment, with an anticipated increase of 11-12 per cent.

Basic and production goods, as well as the mining industry, will also benefit from a significant rise in investment. And after particularly low investment growth in 1978, the iron and steel industries are planning to raise their investment by over 20 per cent.

Despite the optimistic tenor of the IFO report, the institute has not qualified its earlier conclusion that medium-term

investment growth was destined to slow down considerably. An IFO report in March predicted an annual average real growth of only 4.1 per cent between 1979 and 1983.

This figure is generally considered to be too low to reduce unemployment.



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Bleak 1980s outlook for industry in Sweden

BY WILLIAM DULLFORCE IN STOCKHOLM

FAR-REACHING changes will have to be made in the Swedish economy in the next decade, but growth will be much lower than in the 1950s and 1960s. Some 137,000 jobs in industry are threatened.

This is the message of a 370-page study, released yesterday by the Independent Industrial Economic Research Institute.

To solve economic problems a much closer alignment had to be achieved in the aims of workers, managers and politicians, the study said. Expansion of the public sector had to be curbed; Swedes had to accept a slower improvement in incomes and the inflation rate had to be kept low enough to give investors faith in the return on their capital.

The institute took as a reference point an annual growth rate of 2.8 per cent in Sweden's GNP during the first half of the 1980s. Even this moderate growth called for optimistic assumptions compared with developments in the 1960s, when GNP growth averaged 4.5 per cent a year.

The institute's model postulated 4 per cent GNP in OECD countries, a 5 per cent annual increase in Swedish consumer prices, curbs on domestic consumption and an increase in real disposable incomes of less than 1 per cent a year.

Even with exports growing faster than imports, at annual rates of 5.7 per cent against 4.3 per cent, it expected Sweden's net foreign indebtedness to grow to about 11 per cent of GNP in the first half of the 1980s.

For the iron mines to reach satisfactory profitability by 1986 prices and costs would have to develop more favourably than at any time since the war. The institute questioned whether Sweden could run a steel industry based on iron ore and said 38,000 of the 50,000 employed in the industry risked losing their jobs.

Some 49,000 of the 55,000 jobs in the shipyards and shipping companies were threatened. The study argued that national subsidies were only giving other countries more time to catch up.

The institute calculated that 50,000 of the 196,000 employed by the forest industries could lose their jobs.

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The Italian Communist power-struggle is being watched anxiously by the other parties
Election setbacks likely to strengthen hard-liners

BY PAUL BETTS IN ROME

CONTROVERSIAL debate now started inside Communist Party serious setback in election and the risks making forming a new even more difficult
past 24 hours, the leadership has issued the implications of the party's first setback...

The new leadership structure is likely to be much more collegial than in the past and could well see the appointment for the first time of two deputy secretaries-general, flanking Sig. Berlinguer. A major reshuffle of the top leadership is also expected and certain members of the hierarchy could well lose their posts.

Deputies, he has for some time been identified with the left of the party and has also been an outspoken critic of party policies. In the general election he was one of the few Communists to see his preference votes increase compared with the 1978 election. However, as the first Communist president of the Chamber, Sig. Ingrao has inevitably had to devote more time to his institutional tasks rather than to party activities.



Sig. Enrico Berlinguer

Soviet economy recovers slightly

By Our Moscow Correspondent
THE SOVIET economy has recovered only slightly from a disastrous first quarter, when production lagged behind last year's levels. Newly released figures show plan targets for January-to-May were exceeded slightly, but they also display some serious weaknesses in key areas.

us to quit Austrian position chief

Our Vienna Correspondent
OSEF TAUS, leader of the Austrian Socialist Party, the main opposition party, has led not to seek re-election. The long-running 46-year-old former banker, has twice been defeated in national elections by Chancellor Kreisky, said that dissent over reform of the structure was the main factor in his decision.

E. Europe petrol prices go up in bid to cut imports

BY PAUL LENDVAI IN VIENNA

STEEP PRICE increases for petrol and petroleum products have been announced this week by Hungarian and Romanian governments. Scinteia, the Romanian party newspaper, publicly demanded co-ordinated efforts within Comecon to cope with the fuel crisis.

ducer in the east bloc after the Soviet Union, output has been falling continuously. It reached a low of 13.7m tons last year and in March President Ceausescu revealed that domestic output was below the level of imports. In a lengthy editorial on the eve of the price increase, Scinteia said that co-operation in fuel and energy policy was still not adequate. It recommended "firm" action to launch co-operation ventures in order

to reduce Comecon oil imports. Romania is the only Comecon country which does not import any Soviet oil. Neighbouring Hungary, which gets 80 per cent of its imported energy and over 90 per cent of its crude imports from the Soviet Union, increased the average price of petrol by 20 per cent on Tuesday. This is the second rise this year—in the first week of January petrol prices went up by 25 per cent. The announce-

ment said Hungary cannot be isolated from the rising price of oil on the world market. An additional factor is the beginning of the tourist season and the arrival in Hungary of several hundred thousand foreign cars. Among other East European countries, Bulgaria, which covers only 2 per cent of its oil consumption from domestic resources and imported 15m tons last year, doubled petrol prices in mid-May after a similar price increase in 1978. Furthermore the Government imposed a car ban on alternate weekends. Neighbouring Yugoslavia, which has imported 12m tons of crude this year in addition to a domestic output of 4m tons, raised petrol prices in May by on average 13 per cent, the second increase within six months. The oil bill accounts for one-third of the country's foreign trade deficit. In addition, the Government reduced the maximum speed limit and Yugoslavs are forbidden to drive one week-end each month and one working day every week. Czechoslovakia also faces severe fuel problems, which have become even more acute as a result of the likely cancellation of the three-cornered Soviet-Iranian-Czech deal. This would have provided Czechoslovakia massive deliveries of natural gas in the 1981-2003 period involving a sum of \$2.5bn under a 1976 contract. The Soviets supply 93 per cent of Czechoslovakia's oil needs, delivering this year 18.3m tons. Owing to the winter energy crisis Czechoslovakia has had to import an extra 300,000 tons of crude from non-Comecon sources this year. Fuel supply problems figured prominently in talks Soviet leaders have conducted in Hungary and Czechoslovakia in the last few weeks. It is understood that the Soviets told their East European allies that they will have to introduce stringent economy measures and raise petrol prices to dampen demand. AP adds from Moscow: A Kremlin decree published yesterday called for a "very strict regime" of energy saving measures throughout the Soviet Union.

Governments urged to draw up oil substitution plans

BY GUY HAWTIN IN FRANKFURT

OIL SUBSTITUTION processes, such as coal gasification and exploitation of oil shale, are rapidly becoming paying propositions as a result of this year's oil price increases. This was claimed yesterday by the West German Lurgi group, one of the market leaders in the field. The heavy engineering group urged governments and corporations to start planning for introduction of oil substitution as soon as possible because of the long periods needed for planning and construction of plant.

Herr Heinz Hiller, a member of Lurgi's executive Board, said that with crude oil prices above \$20 a barrel, plant for the production of oil from shale has become competitive. A plant for converting German brown coal to methanol fuel would be economic at an oil price of \$23 a barrel. The imminent appearance of oil substitution as a paying proposition was illustrated by the price of \$21.40 per barrel set for Libyan crude and the \$27 per barrel reached on the Rotterdam spot market. While oil currently still has a substantial edge on substitute products, recent trends have shown that oil prices will continue sharply upwards, he said. Current oil reserves of an estimated 90bn tonnes, covered 30 years' consumption and the shortage of supply would inevitably lead to higher prices. Herr Hiller said that, although plant for the conversion of coal to benzene and light oil was estimated to be between five and 10 times as expensive as an oil refinery, rising oil prices were rapidly making it competitive. A coal conversion plant, designed and conceived for South Africa, for instance, could produce benzene and diesel oil at the equivalent price of \$25 a barrel. An important by-product of the plant was methane — as in natural gas. However, from planning to production required four to five years. During this time, the plant would become far more competitive as the oil price was bound to increase at a faster rate than that of coal. Even in the field of coking coal for steel production, substitution would be needed if, as predicted, world steel production rose from the current 700m tonnes a year to 1bn tonnes a year by the end of the 1980s. Lurgi, together with British Steel, have developed a method for converting lower qualities of coal to coking coal that could be used without problems in conventional blast furnaces.

Swiss output up

INDUSTRIAL production in Switzerland rose 3 per cent in the first quarter of 1979 compared with the same period last year, after exclusion of water, gas and electricity production, whites John Wicks in Zurich. Output volume, was 12 per cent lower than for last year's final quarter, but this is a usual seasonal phenomenon. The most important growth rates were those in machine-building and metals, the leather, rubber and plastics group, and the paper industry.

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EUROPEAN NEWS

Labour unrest hits Spain as inflation rate surges

LABOUR UNREST has again come to the fore in Spain. Pilots of Iberia, the national airline, are planning to extend their six week old work to rule into an indefinite strike, miners in the northern region have just temporarily ended a seven-day occupation of local mines, while the country's 30,000 shipyard workers begin a three day stoppage today.

needed in addition to the existing 812. They claim that this is the fundamental reason for flight schedules disruption, merely highlighted by their strike work to rule.

The non-payment results from the outstanding debts of the state-owned utility Endesa, which owes some Ptas 32n (\$22m) to local anthracite producers. After a seven-day sit-in, the conflict has been temporarily resolved by the Government releasing Ptas 800m to Endesa.

Hope of breakthrough in struggle for a new Lome convention

A BIG struggle is going on in Brussels ostensibly to ensure that the man on the Tinku ombudsman continues to receive, each year, the sum of \$4 from his legendary counterpart in Clapham.

having welded a very artificial union into a truly cooperative effort, were savouring a new sense of power. People began to talk about a new economic order in the world.

ment aid" the hefty subsidies paid to its own producers to dump a corresponding amount of surplus EEC sugar on world markets.

Probably neither of them knows anything about the deal, or about the Lome convention which guarantees it, or of the battle to keep it going. Like so many EEC ventures, the convention has failed to become a household word. But, unlike more ambitious efforts in Third World development—such as the North-South dialogue, UNCTAD 5 or the plans for a common fund for third world commodities—it became a reality. Whether it is to outgrow its sickly infancy may be decided within the next month or two. Last month talks broke down.

But the post-oil shock recession didn't bottom out, it got worse. EEC unemployment rose. The ACP didn't form community cartels, they began to act like people who didn't know what they were doing, and weren't sure they had a lot in common.

Their demands have not got far. The EEC has gone a small part of the way in some areas—a few more products in Stabex, a scheme to help maintain production among mineral projects on the point of collapse—but says most of the ACP ideas are just too expensive.

OVERSEAS NEWS

Economic plan ready for China's Parliament

By David Housego and Colina MacDougal in Peking

CHINA IS expected to unveil its revised economic plan when the National People's Congress, officially the highest legislative body in the country, meets on Monday.

Industrial output in the first quarter of 1978 grew at only 5.6 per cent compared with the similar period of 1972. That contrasts with the 13-14 per cent growth rate achieved during the recovery of the economy last year and in 1977 after the political disruptions surrounding Chairman Mao's death.

Parallel to setting the guidelines for readjustment to the economy over the next three years, the congress is also expected to reveal how much liberalisation the leadership is willing to tolerate. On this there are divisions of both policy and personality.

Chen Yun is associated with a belief in greater emphasis on agriculture, light industry, self-reliance and decentralisation. These are the policies that have been emerging in recent months with the downgrading of heavy industry outside the energy and transport sectors.

Iran bank nationalisation in trouble

BY ANDREW WHITLEY IN TEHRAN

LAST FRIDAY'S nationalisation of privately owned banks by the Iranian government is running into difficulty. A number of newly appointed bank managing directors are refusing to cooperate.

reluctant government by the Revolutionary Council. Meanwhile, it has been officially confirmed that two banks are exempted from the state take-over. These are the Soviet-owned Bussidian Bank and the newly formed Islamic Bank, which has not yet opened its doors to the public.

One Western banker, reflecting a widely shared feeling said yesterday that "if compensation is in any way reasonable we should hurry and get out."

programme will be in Mr. Ali Ardalan, Minister.

Attempt to cool constitution row

BY OUR TEHRAN CORRESPONDENT

IRAN'S NEW constitution could be approved by a constituent assembly within two months. But there are still sharp conflicts within the Government and clergy over how the draft should be debated and given its popular mandate.

Sadr Haj Seyyed Javadi, the interior minister, outlined yesterday in an interview with the English-language Tehran Times, different strands of opinion, fearful of being steamrollered by the Shia Moslem hardliners, could be represented in an elected constituent assembly.

In the third week of July for representatives to a national assembly to debate the document. He said the constitution would be drawn up by lawyers, implying that the drafts prepared so far would be scrapped, and presented stage by stage to the public for their reaction.

India to receive \$3.4bn in foreign aid

By K. K. Sharma in New

INDIA is to receive foreign aid of \$3.4bn from the World Bank, Western countries, Japan this year, making a recipient of around 40 per cent of the total aid given to World countries.

S. Africa drops Press gag Bill

BY QUENTIN PEEL IN JOHANNESBURG

IN A remarkable climbdown from his confrontation with a united South African Press, Mr. P. W. Botha, the Prime Minister, yesterday agreed to abandon his measure to curb newspaper reporting of corruption in government.

He had described opposition to it as "hysterical screaming". But while the climbdown was welcomed by journalists, academics and lawyers who had combined to fight the bill, they pointed out that Press reporting has already received a drastic setback this week with the gazetting of amendment to the Police Act, curbing the free reporting of allegations of brutality and maladministration in the police force.

Mr. Botha's sudden change of heart on the Advocate General's bill is undoubtedly a response to the unprecedented resistance to the bill, especially within his own party. But his resignation is a gesture of reporting especially over the battering taken by the Government because of the information scandal remains.

Nyerere counts the cost of war

BY OUR DAR ES SALAAM CORRESPONDENT

PRESIDENT Julius Nyerere of Tanzania has for the first time put a figure on the cost to his country of the war to overthrow Idi Amin in Uganda. He estimated that the next 12 months would be a tough struggle for the already shaky economy of this 17-year-old Socialist state.

Natural calamities have added to Tanzania's woes this year. Flooding swept the country in recent months, especially the low-lying coastal strip, as the seasonal rains lasted longer and were heavier than usual.

out of a \$125m grant over three years, \$15m can be used for import support. The Netherlands, too, came forward with \$11m in untied cash in addition to its other aid.

Oil deal defended

JAKARTA—Indonesia's Parliament questioned the \$180m oil contract with Japan signed recently by Mr. Piet Hartono, director of the state oil concern Pertamina.

A correspondent in Jeddah examines the effect which the Egyptian-Israeli peace treaty has had on Saudi Arabia

Uncomfortable decisions for the royal house of Saud

THE EGYPT-ISRAEL peace treaty has caused the greatest crises for Saudi policy since the death of King Faisal in 1975. Saudi Arabia's inability to influence President Sadat up to the signing of the treaty in March and to remain adequately informed of U.S. intentions has led to a re-examination of its relations with both countries.

Prince Fahd, the key figure in Saudi policy-making found it increasingly hard to justify the U.S.-oriented policy he had championed for years. Though the degree of his estrangement from his colleagues has been exaggerated, the strategy he favoured is not, for the moment, being followed. That fact affects Saudi willingness to raise oil output to halt the oil price spiral.

nevertheless, coincided with the second Baghdad meeting of the Arab states opposed to Sadat. Halfway through that meeting, a Saudi official was saying in Riyadh that the kingdom had secured the least damaging boycott of Egypt contingent on progress in Egyptian-Israeli relations. But two days later, Prince Saud al-Faisal, the Foreign Minister, could find no support for his initial resistance to the ban-line measures advocated by the Palestine Liberation Organisation and Libya and supported by Syria and Iraq.

amenable the Egyptian leader was to American persuasion. Matters came to a head when Prince Sultan, Defence Minister, led Qatar and the United Arab Emirates in seeking to dissolve the Arab Organisation for Industrialisation, the nascent, Egypt-based Arab arms industry. He also threw doubt on whether Saudi Arabia would pay for the U.S. F-5 aircraft Egypt was to acquire, although Saudi officials, including Prince Sultan, had said that the money would go to Saudi Arabia.

Egypt: Withdrawal of \$800m deposited with the Bank of Egypt to meet debt-servicing requirements in 1977; moves to limit remittances by the 350,000 Egyptian workers in Saudi Arabia; and the halting of direct flights to Egypt.

move was a failure since remittances are largely channelled through money-changers who are impossible to monitor. Reports that Saudi Arabia might introduce exchange control were denied by the country's monetary agency last week.

in the ascendant, it was inevitable that Prince Fahd's supervisory role would proliferate into the other areas of responsibility—that of Prince Abdullah in Lebanon and Syria, and of Prince Sultan in Southern Arabia and in military procurement.

ably tighter now and to curb the present spiralling surcharges, Saudi Arabia would probably need to raise production by about 100 barrels a day, which is believed to be perilously close to its summer sustainable capacity. Because of the peace treaty, the political embarrassment of association with the U.S. in this would probably outweigh its benefits.


5/11/79

Industrial Leasing:

Why we were the top company last year.

- 1. Experience.** We have been handling the total range of Leasing transactions including Industrial Leasing, computers and cars in the U.K. for well over a decade.
- 2. Talent.** Our executives are drawn from banking, accountancy, legal and actuarial professions – professional people capable of understanding the financial aspects of a company's business and how they relate to leasing.
- 3. Strength.** We are a member of the Midland Bank Group which means our financial standing and resources are of a magnitude that allows us to take on virtually any size of leasing arrangement.
- 4. Service.** We endeavour to maximise your company's return on its financial commitment by carefully constructing leasing packages that take full advantage of your financial situation. We believe we are better at achieving this aim than any other leasing company. And that can not just be our belief, because, last year, we wrote more Industrial Leasing than anyone else.

To learn more about our approach to leasing and how it could help your company, please contact us.

Midland Montagu Leasing Limited 

Gillett House, 55 Basinghall Street, London EC2V 5DN. Telephone: 01-606 5951/4. Member of the Midland Bank Group.

AMERICAN NEWS

Move to increase windfall profits tax

BY DAVID BUCHAN IN WASHINGTON

THE HOUSE Ways and Means Committee has toughened President Carter's windfall oil profits tax by raising the tax rate on profit from existing crude supplies by 20 per cent to 70 per cent and ending the tax take on future oil discoveries only slightly.

Shares of some oil companies fell on news of the committee's action this week, including those of the British Petroleum subsidiary, Shell, which would be affected by the lack of a special tax break for its Alaskan oil.

Arab 'sanctions' against Canada

BY IHSAN HIJAZI IN BEIRUT

THE ARAB states are reported to have embarked on sanctions against Canada to deter the implementation of an election pledge by the new Conservative Government of Mr. Joe Clark to transfer the Canadian embassy to Jerusalem.

Setback for U.S. airline merger

BY JOHN WYLES IN NEW YORK

EASTERN AIRLINES yesterday became the third possible acquirer of National Airlines to fall foul of an administrative law judge's decision that the proposed merger would be anti-competitive and should not be allowed.

Meany may step down

BY OUR NEW YORK STAFF

A NINE-WEEK absence from his office because of illness is sharpening speculation that 83-year-old Mr. George Meany will finally decide to step down this year as the President of the American Federation of Labour-Congress of Industrial Organizations (AFL-CIO).

of marriage. His hereabout, coupled with his illness is making union leaders wonder whether he can revive his old appetite for work.

Sioux nation wins \$100m court award

BY OUR WASHINGTON CORRESPONDENT

THE SIOUX nation has won its first victory for over a century against the U.S. Government. The Court of Claims this week ruled that the Sioux were entitled to more than \$100m in compensation for land confiscated in the wake of Gen. Custer's defeat and death at Little Bighorn in 1876.

in return for which the U.S. Government promised to give them certain food supplies. But a few years later, when gold was discovered in the Black Hills, President Ulysses Grant secretly ordered the U.S. army not to prevent prospectors and miners from intruding on the reservation, hoping apparently that their food needs would keep the Sioux quiescent. They did not, as Gen. Custer found out.

U.S. OPEN GOLF Big hitters make strong start on changed course

BY BEN WRIGHT IN TOLEDO, OHIO

THE 79th U.S. Open gold championship got under way here at the historic Inverness golf course designed by Donald Ross at 7.15 am this sunny morning, and the event was soon surrounded by controversy.



Jack Nicklaus (above) and Arnold Palmer (below) dropping strokes

There has also been general criticism by the players of the alterations that have been made to this great old course before it was considered fit to host the championship for the fourth time. It was in 1920 that the first U.S. Open in Toledo was won by the British golfer, Ted Ray.

is a popular local favourite to win the title, and goodness knows there could not be a more popular winner. But in my opinion the wounds inflicted mentally and psychologically on my good friend Ed on that tragic April evening will take a long time to heal, and I feel the pressure on him if he got into contention on Sunday evening would be too hard to handle.

COMPANY NOTICE

AFRICAN AND EUROPEAN INVESTMENT COMPANY LIMITED. NOTICE TO HOLDERS OF PREFERENCE STOCK WARRANTS TO BE PAID BY THE COMPANY. NOTICE TO HOLDERS OF ORDINARY SHARE WARRANTS TO BE PAID BY THE COMPANY.

First Union General Investment Trust Limited

INTERIM REPORT FOR THE SIX MONTH PERIOD ENDING 30 JUNE 1979. The board of directors of First Union General Investment Trust Limited has pleasure in announcing the unaudited consolidated results of the company and its subsidiary for the period of six months ending 30 June 1979.

DECLARATION OF INTERIM ORDINARY AND PREFERENCE DIVIDENDS IN RESPECT OF THE YEAR ENDING 31 DECEMBER 1979

Notice is hereby given that the undrawn interim dividends have been declared in respect of the year ending 31 December 1979 payable to ordinary and preference shareholders registered in the books of the company at the close of business on 29 June 1979.

Base Rate. BANK OF CREDIT AND COMMERCE INTERNATIONAL S.A. announces that from 15th June 1979 its base rate is changed from 12% to 14% p.a. 100 Leadenhall Street London EC3A 3AD

Rhode Island: gateway to growth in the U.S.

The state of Rhode Island, with its own deep-water ports, major commercial airport, main line rail service and excellent interstate highway network, could be the growth opportunity you've been looking for in the United States.



HOW TO SAVE 1/4p.

Choosing the right truck is an important financial decision, but do you know just how important?

A mere 1/4p a mile difference in overall running costs between two makes of truck each doing 100,000 miles works out at a saving of £250.

With 20 trucks that's £5,000 saved. Over 400,000 miles, that's a saving of £20,000.

Nearly enough to buy yourself a new truck.

And the difference between the very best and the very worst truck can work out at considerably more than 1/4p.

Clearly it's vital that your company runs the most cost effective trucks.

To help you make your choice, here are some of the conclusions drawn from an independent test conducted by "TRUCK" magazine on Europe's best trucks.

It's worth noting that an M.A.N. truck came out on top and as such was voted by an International Jury, "TRUCK of the Year 1978".

"Spectacular economy"

"The ability to earn revenue at low cost, to perform adequately with the utmost safety, to keep on working with the minimum interruptions and to achieve all this with a commendably simple design are the award-winning features of the M.A.N. 16.280.

It is a vehicle that has been aimed squarely and clear-mindedly at the requirements of the fleet operator, without calling on the powers of "exciting design" that can look so attractive on paper but which can be such a nightmare in practice.

Praise for the winner's spectacular economy came from all the jury.

"Minimum costs"

"In trucking there is little room for untried innovations, exciting but unproven gadgetry, far-out engineering that does not have a very sound logic behind its adoption.

The European trucker wants something that he can rely upon, to do a good job of work; and to most truckers that means shifting the maximum amount of freight at the very lowest possible cost and to keep on doing that week in, week out, month after month.

That is exactly why the 280 has won such a good reputation in so short a time. It does just that."

"Good driver environment affects business economics."

A comfortable driver, is a safer, more efficient driver.

And a safer, more efficient driver means

a more efficient, profitable company.

Here are some of the "TRUCK" jury comments.

"Cab appointments are possibly the best combinations of comfort and practicality that can be found in Europe today.

It is all based round a very strong steel shell which meets EEC standards as is.

Seating specification includes Isring-

hausen suspension seats for both crew members (marketed as the Derby in most places).

Certainly in many hundreds of kilometres that we've covered, the 280 has met every road and ride situation with commendable comfort.

Detail cab fittings include very well made lockers for papers, containers for hot-drink flasks, high quality upholstery in breathing vinyl fabric, the whole being washable or even scrubbable in the event of it getting dirty.

There is a great deal more detail to the M.A.N. 280s than we have been able to examine here.

The cab for example, tilts in seconds to a full 60°.

The frames are all-bolted in accurately pre-drilled holes, which not only gives a very strong frame but makes chassis repairs a relatively simple task.

Brakes have generous lining areas, that produce long intervals between relines.

Under-cab insulation is thorough indeed, making the cab arguably the quietest around; it was certainly the quietest of the 17 trucks that we've put through our European test programme.

Standards of fit and finish are superb throughout and, above all, it's uncomplicated.

There is no risk of the maintenance staff having a heart attack merely at the sight of the chassis for it's significantly cleaner and tidier than most.

Consequently, the immediate success in the operating arenas of Europe is not luck - the 280 won its spurs in fair and open combat."

Buyers Queue Up-

"TRUCK" also interviewed Otto Voisard, Managing Director of M.A.N., pictured here.

This is what he said:

"Operators quickly found out that the 280 was not only the most economic M.A.N. they had ever encountered, but also more economical than virtually any other truck in the 36 to 38 tonne field.

Operational reliability also proved to be very good.

Thus, with low running costs, high utilisation, the annual tonne-kilometres available were higher by an unusually big margin.

And, on top of all that, unit cost was low.

Buyers continue to queue up.

Like it or not, trucks still have to be taken into towns and it's up to us, the truck makers, to ensure that trucks cause the minimum disruption to normal life.

The in-line turbo engine is a good

tool with which to do this.

We can tune it to optimum output and noise and emission suppression relatively easily.

Coupled with that the provision of a very flexible transmission enables the driver to use his truck in the best possible way."

Parts M.A.N. made.

Practically every part in an M.A.N. truck we make ourselves.

From the axles, almost down to the last nut and bolt.

And we have more than 50 years' experience in manufacturing automotive diesel engines with direct fuel injection.

M.A.N. and Volkswagen.

And now M.A.N. has joined forces with Volkswagen.

To give you an unbeatable range of trucks.

It's probably the greatest thing to happen to transport since the invention of the diesel.

Which, by the way, we invented.



16.240 or 16.280? Talk to your Transport Manager.

In some respects, the choice between the M.A.N. 16.240 and 16.280 Artics is a difficult one.

These are both superb machines, but each is ideal for different jobs.

So consult your Transport Manager. He'll be able to advise which is best for your company's operations.

He'll know that the unmatched M.A.N. cab is standard on all vehicles in our range, to give the best driver environment in Europe.

The choice for him will be between the naturally aspirated 16.240 with its legendary reliability and lack of downtime and the turbo-charged 16.280 which gives that extra power for those long arduous hauls.

And since the "TRUCK" test we've actually improved our 16.280.

The gear shift is on the deck, not on the steering column.

And we've gone over the cab with a fine tooth-comb to make it even more comfortable.

Other models in the range have also received accolades from "TRUCK" magazine.

For example, the 30.240... "an unusually quiet and refined big tipper.

Laden ride was first class, and even when pulling hard the engine was barely audible."

MEMO

TO

FROM

To say an M.A.N. truck is a good investment for your company is an understatement.

So do make sure you talk to your Transport Manager.

Or drop him a line on the above memo - and why not send the ad?

But do it now. Before you lose another 1/4p.



M.A.N.-VW Truck & Bus Ltd, 361-365 Chiswick High Road, London W4 4HS. Telephone: 01-995-3131

مركز الامن الاكبر

If your car can't manage over 30mpg,* it's time you tried something different.



The big car has one big benefit. It cruises long distances quietly, quickly and comfortably.

It does however usually have one big problem. It gets very thirsty as it goes faster, and needs increasingly frequent stops for refreshment.

In these times of erratic fuel supplies at ever-increasing prices, that's some problem. We'd like to suggest a solution.

The Rover range was designed, from aerodynamics to gearbox, to give long distance cruising at economic cost. The result is a range of cars that are spacious, luxurious, versatile and

powerful, all of which, as you can see from our chart, cruise at well over 30mpg*.

And while they are ideal for the long haul (a big 14.5 gallon fuel tank will take you a long, long way), the Rovers perform very creditably in the stop/start of urban motoring.

In these troubled times, shouldn't you try something different? Send the coupon below. You'll discover

just how competitive Rover performance and economy is, and what a pleasure it can be.

*GOVERNMENT CERTIFIED FUEL CONSUMPTION FIGURES TESTED AT A CONSTANT 56mph (90km/h)	
ROVER 2300	36.8mpg
ROVER 2600	38.2mpg
ROVER 3500	36.3mpg

All figures quoted for 5-speed manual gearbox†

Complete Government Fuel Consumption Figures: Rover 5-speed manual: 2300 (urban motoring) 17.5mpg (100km/h) 11.1 litres (100km); constant 56mph (90km/h) 26.8mpg (7.7 litres/100km); constant 75mph (120km/h) 31.0mpg (9.1 litres/100km); 2400 (urban motoring) 18.5mpg (11.3 litres/100km); constant 56mph (90km/h) 25.2mpg (7.4 litres/100km); constant 75mph (120km/h) 29.2mpg (9.1 litres/100km); 2600 (urban motoring) 16.2mpg (17.2 litres/100km); constant 56mph (90km/h) 26.3mpg (7.9 litres/100km); constant 75mph (120km/h) 27.2mpg (10.1 litres/100km); 5-speed gearbox optional on the 2300.

Discover the difference
This coupon will bring you all details of the Rover range and a package to Rover economy versus the competition. Please complete and send to Rover Information Services, Jaguar Rover, Triumph Ltd, PO Box 48, Frim, Malvern, Surrey, KT15 0PE.

NAME: _____
ADDRESS: _____

I would like a test drive in a
Rover 2300
Rover 2600
Rover 3500

Rover 2300/2600/3500

Jaguar Rover Triumph Ltd

UK NEWS

Aveling Marshall closure expected

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

AVELING BARFORD is expected to close its Aveling Marshall plant at Gainsborough by the autumn...

Joseph to use State industries' buying policy as stimulus

BY OUR INDUSTRIAL CORRESPONDENT

SIR KEITH JOSEPH, Industry Secretary, said yesterday that he plans to use the purchasing policies of the nationalised industries as a means of stimulating the performance of manufacturing industry...

Merchant fleet still declining

Shipping Correspondent By Ian Hargreaves

BRITAIN'S merchant fleet continued to decline sharply during April and has suffered a 20 per cent fall in carrying capacity in the last three years.

Survey forecasts export recovery

BY DAVID FRIED

UK EXPORTS are likely to recover in the second half of the year, according to a survey of big exporters conducted by the Department of Trade.

More bankruptcies likely—Methven

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

WARNING that there will be more bankruptcies next winter if unions push for high wage claims in the wake of this week's Budget was issued yesterday by Sir John Methven...

Air Ecosse wins route from BA

By Lynton McLain

BRITISH AIRWAYS has lost one of its prime routes in Scotland to the independent Air Ecosse, a charter linc formed two years ago.

Public expenditure cuts 'just a start'

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

NO ONE SHOULD doubt the firmness of the Government's commitment to reduce public expenditure over the next few years, according to Sir Anthony Rawlinson, senior Treasury official, responsible for public spending.

Officers

Since the end of 1977, there has been a 5 per cent reduction in the number of British officers to an end-April figure of 36,000 and a fractional reduction in the number of British ratings to 32,000.

Councils 'need £540m more for pay rises'

BY PAUL TAYLOR

FURTHER PAY settlements in the local government sector could leave local authorities short of £540m, Mr. Tag Taylor, chairman of the Association of Metropolitan Authorities, said yesterday.

BRITISH-BORNEO PETROLEUM SYNDICATE LIMITED

Extracts from the Statement of the Chairman, Mr. Campbell Nelson, at the 65th Annual General Meeting held in London on 14th June, 1979.

Net earnings for the year were £500,000 a record for the Company. In addition Brupex, our Investment Trust Subsidiary Company, had net gains after taxation of £1,000,000 on realisation of investments which have been placed to capital reserve.

NEB's £475,000 stake in microfiche

THE NATIONAL ENTERPRISE Board has bought a £475,000 stake in Microform Communications International, a small company which started two years ago to develop a portable microfiche reader.

Tyne Metro £50m dearer

TYNESIDE'S Metro passenger rapid transit system is expected to cost £50m more than the £161m limit set two years ago by Mr. William Rodgers, the former Transport Minister.

LEGAL NOTICES

THE COMPANIES ACTS 1948 TO 1967 MONUMENT PROMOTIONS LIMITED NOTICE IS HEREBY GIVEN, pursuant to section 253 of the Companies Act 1948 that a Meeting of the Creditors of the above-named Company will be held at the offices of LEONARD CURTIS & CO., situated at 3, Bennet Street, London W1A 2BA, on Friday, the 22nd day of June 1979, at 12 o'clock in the afternoon, for the purpose of ascertaining the claims of the creditors of the above-named Company and of the terms of any arrangement to be made with them.

German output 12 times London's, says Times

BY MAX WILKINSON

THE PRODUCTIVITY of German typsetters who produced one issue of The Times was nearly 12 times greater than that of their counterparts in Britain, claims Mr. Michael Mander, deputy chief executive.

Bargain offers restriction to be eased

Financial Times Reporter

MRS. SALLY OPPENHEIM, Minister for Consumer Affairs, has agreed to ease restrictions on July 2 to deal with "bargain" offers.

Sterling M3 rises by £630m

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

STERLING M3, the broadly-defined money supply, rose by £630m, or 1.2 per cent, in the monthly to May 16.

Table with columns: Money Stock M1, Money Stock M3, Bank lending, Domestic credit expansion. Rows show monthly data from June 21 to May 16, 1979, with seasonal and annual percentage changes.

NatWest Registrars Department

National Westminster Bank Limited has been appointed Registrar of 'W' RIBBONS HOLDINGS LIMITED. All documents for registration and correspondence should in future be sent to: National Westminster Bank Limited, Registrar's Department, PO Box No 82, 37 Broad Street, Bristol BS9 7NH.

OCEAN TRANSPORT AND TRADING LIMITED

Notice is hereby given of the appointment of Lloyds Bank Limited as Registrar. All documents for registration and correspondence should in future be sent to the address below: G.T. EVANS, Secretary.

Lloyds Bank Limited, Registrar's Department, Goring-by-Sea, Worthing, West Sussex BN12 6DA. Telephone: Worthing 502541 (STD code 0903)

ALLEN HARVEY & ROSS INVESTMENT MANAGEMENT LTD, 45 Cornhill, London EC3V 3PB. Tel: 01-423 6314. Index Guide as at June 14, 1979. Capital Fixed Interest Portfolio 115.25. Income Fixed Interest Portfolio 103.00.

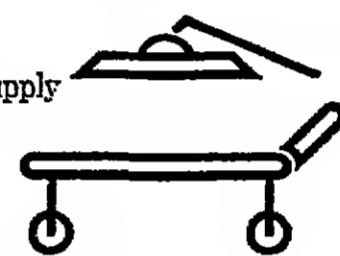
Handwritten signature or scribble at the bottom of the page.

We profit from a product that's made for all the energy alternatives.



Nearly half the world's manufactured goods are moved by battery powered fork lift trucks. Saving millions of barrels of oil. And keeping the air clean. Chloride make more fork lift truck batteries than anyone else in the world.

Hospital operating theatres, computers, air traffic control systems all depend on a power supply that must never ever fail. Chloride batteries and systems stand by to provide emergency power in this vital and growing market.



Batteries could power city-centre transport today. Chloride battery powered vehicles are proving in cities in Britain, America and Australia that pollution-free battery power is a practical reality.

Submarines need a very special kind of power: To drive the submarine itself. To run the life support systems. Even to drive the torpedoes. Submarines are just one of many different defence applications for batteries. And Chloride are major suppliers to Britain's Armed Forces.



There are nearly 20 million cars and other motor vehicles on Britain's roads. Each one has a battery. And Chloride make more than any other manufacturer.

Batteries have an important role to play in the vast and growing leisure business. Over 5 million batteries are used in this industry in the USA alone. Powering anything from golf carts to lawnmowers.



In a mains power failure your telephone keeps working. It is powered by batteries. In Britain 60% of these batteries are made by Chloride.

Tough new laws are creating a vast market for emergency lighting systems for public buildings all over the world. Chloride batteries and systems are world-market leaders in this vital field.



Just some of the things Chloride batteries are doing today. And not just in Britain. As world rechargeable battery leaders, our market is a world market. We sell into no fewer than 125 different countries, with manufacturing bases in the United States, India, South Africa, Australia and 28 other countries.

There's little doubt that Chloride lead the world in research in techniques to store electrical energy. But it's important to recognise improvements that have been made to existing batteries.

Today's car battery, for example, is five times more efficient than the one back in the early days of motoring.

All this has helped our company to a best ever pre-tax profit of £29 million. So much for our success to date.

Chloride's business is well and truly in the growth sector of the energy industry.

As the world searches for alternatives to oil and gas, the future for batteries becomes almost limitless.

Because the only way to develop the new energy sources to their full potential is to turn them into electricity.

More electricity means more things for batteries to do.

And many, many more batteries.

Use electric - save oil.

Extracts from Chloride Group results for year ended 31 March 1979.				
		1977-78	1978-79	
THIRD PARTY SALES.	£m	306.0	346.0	up 13%
PROFIT BEFORE TAX	£m	25.1	29.0	up 16%
PROFIT ATTRIBUTABLE	£m	13.0	17.3	
EARNINGS PER SHARE (after tax)		10.3p	13.8p	

Copies of the annual report and accounts will be available from the Secretary, Chloride Group Limited, 53 Grosvenor Gardens, London SW1 6AU after 6 July 1979.

CHLORIDE
THE ENERGY-HOLDING COMPANY

UK NEWS

Dearer home loans hint

BY ANDREW TAYLOR

HOME LOANS could rise before the end of the summer if interest rates stay at their current level, warned Mr. Gerald Aspell, chairman of the Leicester Building Society last night.

Imperial cigarettes up 6p on Monday

BY JAMES McDONALD

IMPERIAL TOBACCO—part of the Imperial Group—yesterday announced details of post-Budget price increases. Its cigarette brands will be raised by 6p for 20s, as foreshadowed by Sir Geoffrey Howe, Chancellor of the Exchequer, on Tuesday.

Ruling on car VAT

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

CARS PAID for in full before Monday will attract VAT at only 8 per cent, even if customers do not take immediate delivery. This is likely to create a sales rush.

Sailing ships may make comeback

BY LYNTON McLAIN

KITES, whirling sails and the development of rigid-sail boats such as the Clifton Flasher were suggested yesterday as possible ways of aiding the return of commercial sailing ships.

In practice, however, the sailing vessel would have to operate in competition with larger power vessels. The economies of scale "would render the sailing vessels uneconomical."

by the design company, Windrose Ships of Southampton. Captain Mike Willoughby, representing Windrose, said its sailing crew costs were about £100,000 a year, compared with £87,000 for a motor ship. The food bill was estimated at £8,000 a year, double that of an equivalent motor vessel.

The conference learned that a more conventional sail has been used to power a jack-up oil rig. Opening the conference, the Duke of Edinburgh said the symposium could do more than stimulate discussion.

Pedal flight seen as 'new sport'

By Lynton McLain

NEW KNOWLEDGE of aerodynamics and aircraft weight reduction has come out of research which led to the first man-powered flight across the Channel, Dr. Paul MacCready, the designer of the prize-winning Gossamer Albatross said yesterday.

Dr. MacCready, said "no real practical applications for man-powered flight". But it had potential as a sport. "In five years there will be many hundreds, if not thousands of man-powered aircraft". Kites, he said, would sell for about £1,000.

Turbulence

Mr. Bryan Allen, the 26-year-old Californian pilot who pedaled ten ft above the waves, said he had nearly given up four times. High waves in mid-channel created turbulence and at one point he dropped to within six inches of the water.

He ran out of drink on the last stretch, his right calf, suffered from cramp and a shark appeared as the aircraft approached the French coast. Had the pilot seen it, he probably would have speeded up, said Dr. MacCready.

Industrial accidents cause more deaths

BY OUR LABOUR STAFF

THE NUMBER of workers killed in industrial accidents last year was 651, with a further 949,294 injured, according to provisional figures released yesterday by the Health and Safety Executive.

The 1978 figures include, for the first time, accidents reported among 7-8m employees who were brought within the scope of safety legislation last year by the Health and Safety at Work Act 1974.

In this group 70 deaths were reported last year, with 16,800 other accidents, but the executive said yesterday it was unsure how representative these figures were, as employers of this group currently have no

statutory duty to report accidents. Excluding the new group to allow comparison with previous figures, there were 551 deaths and more than 324,200 injuries last year. Figures for 1977 were 514 deaths and 325,700 injuries, but the executive said yesterday the increase in the number of deaths was within the range of annual fluctuations.

Deaths in mining and quarrying rose from 54 to 54 and in construction from 130 to 144. Deaths in manufacturing industry fell slightly from 179 to 175.

Working party urges planning inquiry change

BY PAUL TAYLOR

THE GOVERNMENT was urged yesterday to consider the need for a new form of planning inquiry for major projects, such as the building of a new type of nuclear power station or the third London airport.

Instead the report, produced by a working party sponsored by the Council for Science and Society, the Outer Circle Policy Unit and the Council of Justice, suggests that a "project inquiry" undertaken by a commission should examine the need for major projects and publish a report which would then be debated and voted on in Parliament.

London pays £2.5m to keep peace

BY JAMES McDONALD

THE HEAVY cost to the London taxpayer and ratepayer of keeping the peace was highlighted yesterday by Sir David McNea, Commissioner of the Metropolitan Police, in his annual report for 1978.

Public order in the capital was maintained despite an unprecedented number of demonstrations, industrial disputes and processions. But the price of policing such events was high: for 13 major demonstrations—many of them National Front and anti-Nazi confrontations—the bill came to almost £2.5m. The heaviest police cost of all last year, however, was during the two-day Notting Hill carnival last August amounting to nearly £500,000.

Apart from maintaining public order, Sir David says that serious crime dropped marginally for the first time in eight years and the overall number of road accidents was down.

slightly down in 1977. While the "clear-up" rates for these crimes remained at 21 per cent, there was a slight drop in the number of people arrested. Of the 103,167 arrests made, 27 per cent were juveniles and a further 23 per cent were aged between 17 and 20 years.

This disturbing involvement of young people in crime is particularly noticeable for robbery and other violent theft, burglary and offences known as auto-crime.

Of the categories of crime which increased last year, assaults were up by 10 per cent. But the 116 homicides, murder, manslaughter or infanticide—reported were 24 fewer than in 1977 and 106 of those cases were cleared up.

the willingness of some arrested criminals to give evidence for the Crown". Firearms were involved in 734 robberies in London during the year and shots were fired on 40 occasions. Where police use of firearms was concerned there were only 56 incidents when drawbars were drawn from their holsters and a total of eight shots fired on two separate occasions.

Sir David says: "There will be no departure from the tradition of the unarmed London bobby. I would be falling in my duty, however, to both members of the public and to my officers, if I did not ensure that a sufficient number of police officers are properly trained in the use of firearms and available to meet the threat of vicious, armed criminals."

Penal work camps, where boogymen should be made to sweat as they have never sweated before" should be established in Britain, said Mr. James Anderson, Chief Constable of Greater Man-

chester, in Manchester yesterday. The police were not satisfied just to bring alleged wrongdoers to justice, he told the Manchester Luncheon Club. The legislative assumption that the police service must remain totally aloof and disinterested was faulty. The police have to believe that justice had been done and was being done, for that was the motif and main-spring of their actions.

In this connection, none of us should foolishly think that all convicted offenders are simply in need of kindness and consideration, of sympathy and understanding, of compassion and care and nothing else.

Williams & Glyn's Interest Rate Changes. Williams & Glyn's Bank announces that with effect from 15th June its Base Rate for advances is increased from 12% to 14% per annum.

Hill Samuel Base Rate. Hill Samuel & Co. Limited announces that with effect from the close of business on Friday, June 15, 1979, their Base Rate for lending will be increased from 12 per cent to 14 per cent per annum.

IMPORTANT NOTICE TO PERSONS REGISTERED FOR VAT

Changes in VAT

From 18th June 1979—the Higher Rate of VAT is abolished and the Standard Rate of VAT is increased from 8% to 15%

This means that from 18th June 1979 you must account for tax at the new rate of 15% on all supplies previously taxable at 8% or 12%.

New VAT fraction. The new VAT fraction for calculating VAT from tax-inclusive amounts is 3/23rds. What you must do. You should follow the general guidance given in Notice 716 on rate change procedures.

North regional director for NatWest

Mr. Leslie Young, chairman of J. Bibby and Sons, has been appointed as the first regional director of the North-Westminster Bank.

Mr. George Judd, until recently one of the senior partners and now a limited partner of Strutt and Parker, has been appointed agricultural consultant to TOUCHE RENNANT AND CO.

Mr. Brian Stanton has been appointed to the Board of HILL SAMUEL LIFE ASSURANCE. He is managing director of Noble Lowndes and Partners, a member of Hill Samuel Group.

Members of the divisional Board are: Mr. L. G. Weeks, Mr. R. C. Lee, Mr. R. C. Langley, Mr. H. N. Anderson, Mr. A. D. Kilby, Mr. L. J. Cordle and Mr. R. W. Virtue.

Mr. Carlo Cammelli has been appointed by AMERICAN EXPRESS INTERNATIONAL BANKING CORPORATION as vice-president and general manager for UK and Ireland.



Mr. Leslie Young

The Secretary for Education has appointed Mr. Stuart Sexton as his special adviser. Mr. Richard A. Andrew has been appointed a general manager of SCANDINAVIAN BANK while continuing as managing director of Scandinavian Services SA (SISA).

Technical Page EDITED BY ARTHUR BENNETT AND TED SCHOUTERS

SERVICES

CDC expanding European support

ANNOUNCING the connection of three of its European data centres to the existing CDC... CDC is being offered to companies everywhere, both as a source of information and as a means of providing very fast dissemination of new product and process announcements.

ENERGY

Insulation venture by RMC

THERMOBLINDS - the high-insulation internal window shutters which aroused a great deal of interest when they were reported on this page last year - now come within the product range of a new company set up by the Ready Mixed Concrete Group.

POWER

On standby in desert country

A FULLY developed prototype of a 25 kVA generator set that has been designed to work in very hot climates is now ready for further exploitation at Keewest Developments, Totton By-pass, Southampton, Hants 104216 31801.

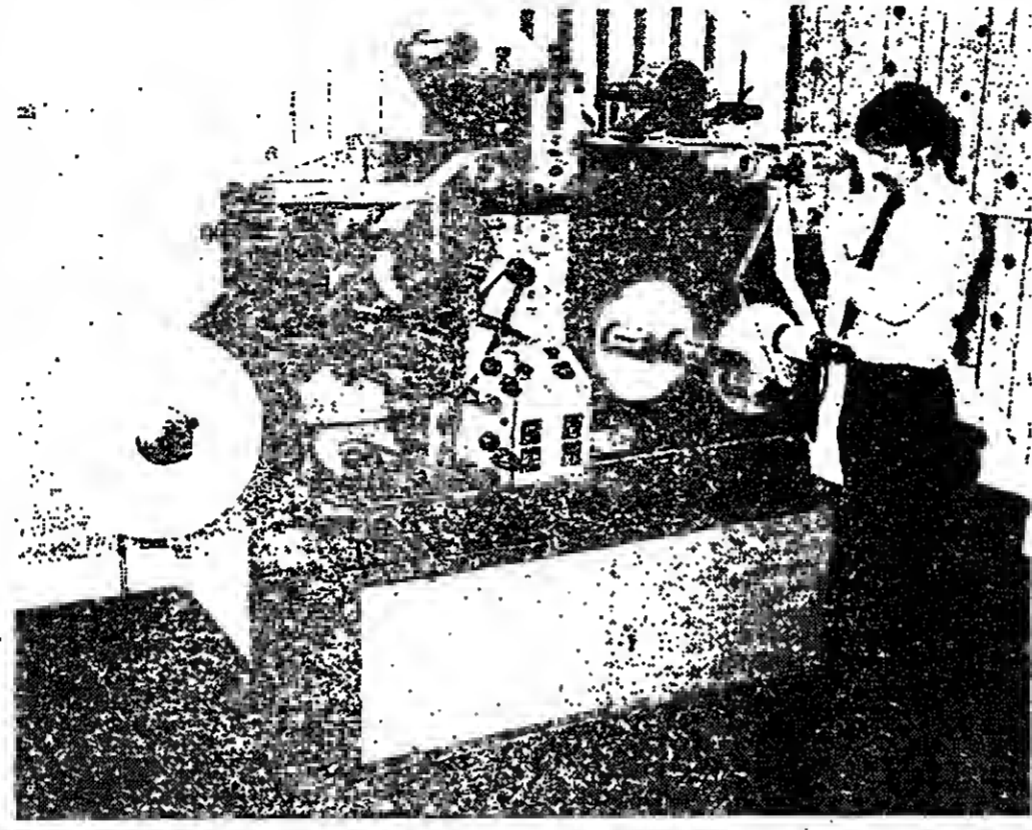
MATERIALS

Panel stands weathering

COMBINATION OF water and weather resistant plywood (made of tropical hardwood veneers bonded to withstand moisture in high-hazard exterior conditions) and glassfibre reinforced polyester has resulted in a new type of sheet material, made by a Dutch company.

Long life gas valves

A RUBBER compound which is claimed to make gas valves more durable is now available from the Andre Rubber Company of Kingston By Pass, Surbiton, Surrey KT6 7LY 101-397 5272.



PROCESSES

Oil cleaned for re-use

SOLIDS can be removed from a wide range of liquids using a new centrifugal clarifier from Bennett Guest, 6, Vige Street, London W1 1G1-439 7893, but a particularly important use is the treatment of cutting oils in machine shops.

MAINTENANCE

Predicting when a machine will fail

IN THE opinion of IRD Mechanicals, U.K. industry has yet to wake up to the electronic methods that are available for assessing the health of expensive rotating machinery. Describing the losses caused by surprise machine breakdowns as "staggering", the company is also introducing two new equipments which "listen" to the sounds made by the moving parts.

Skimmer will handle industrial routines

VIKOMA INTERNATIONAL of Weybridge, member of the BP group of companies, has released details of a low-cost oil skimmer, latest member of the Kebab skimmer range. Developed at the BP Research Centre, Sunbury-on-Thames, following extensive discussions and trials with water authorities and industry, this skimmer has been designed to recover floating oil on a routine basis, or from accidental spillages.

"Our accounting system was too slow, so my accountant advised me to talk to Philips about a computer."

When the accounts begin to lag behind the business, it's time to look seriously at today's business computers. But unless you're something of an expert, most computers look the same.

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Computers that talk your language

Form with fields for Name, Position, Company, and Address, and a PHILIPS logo.

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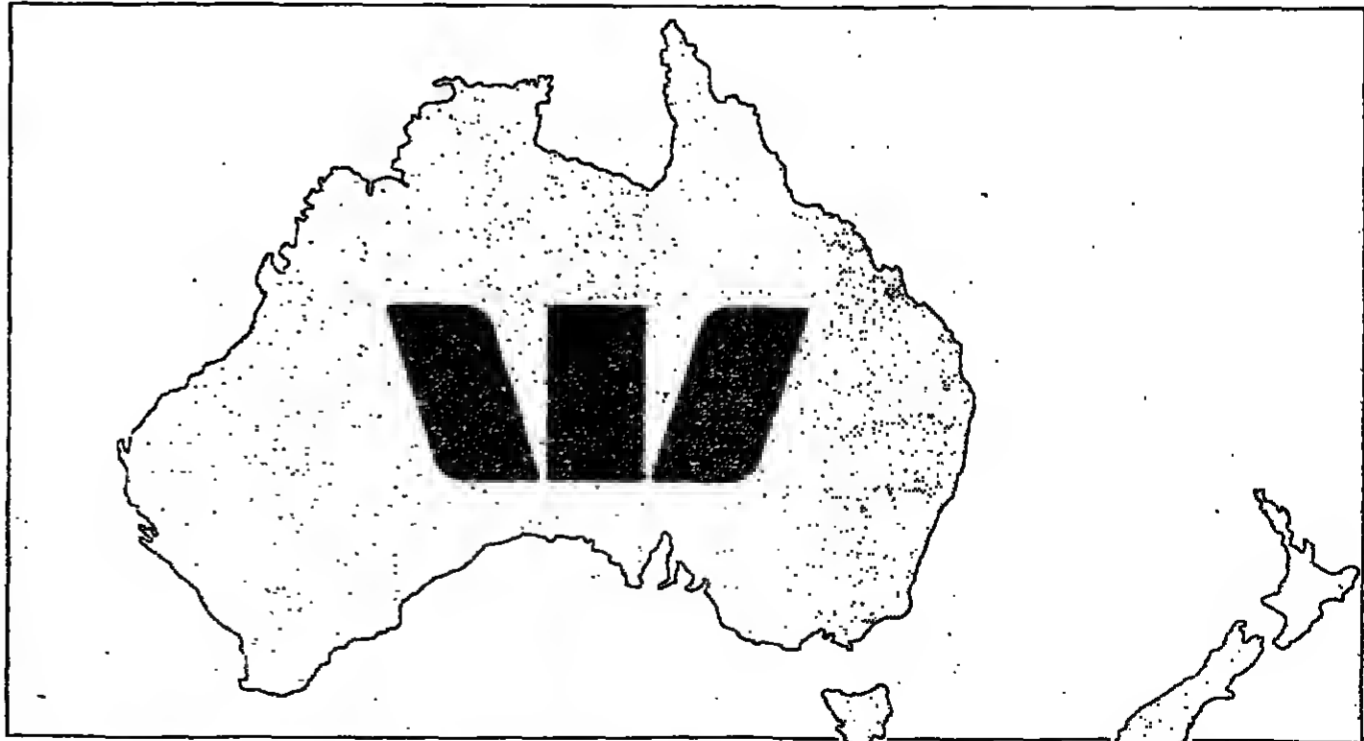
Advertisement for Bowater Sacks, featuring a graphic of a sack with a hole and the text 'Don't let a little tear make a big hole in your profits.'.

Last year one of our customers despatched 20,000 CarrySafe woven plastic sacks full of seed. Unlike the sacks he used before, not one of them burst. And for every one that didn't he saved nearly £20.

Like the rest of the Bowater range of paper, paper-plastic and woven plastic sacks, the CarrySafe was thoroughly researched. Although that's no more than you'd expect. After all, our range of heavy duty sacks is the largest and most advanced in the UK.

Advertisement for ASBESTOS treatment, featuring the text 'IF YOU HAVE PROBLEMS WITH ASBESTOS CONTACT THE TREATMENT AND REMOVAL EXPERTS SPRAYTEX (Industrial Surface Protection) Ltd.'.

UK EXCHANGE CONTROLS EASED



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PRESS Engineering contractors to the oil, gas, chemical, process and power generation industries. PRESS Williams Press Group: T4101-353 6544.

One is that their production does not demand a great deal of energy to achieve excellent insulating results. The other is that the main competition for them comes from petroleum-based products which inevitably must rise in price much more quickly than the raw materials for Rhombitex.

The set is relatively cheap, lightweight, easily serviced and quieter than a diesel—but could not be run for long on petrol due to fuel storage regulations. The company, which has only limited manufacturing capacity, is willing to discuss licensing arrangements. More from the managing director, Mr. G. West.

Developed for facias, doors, inflill panels, fur use in boats and shipbuilding and throughout the construction industry, it is having initial success for advertising signs and shop fronts, says the company. Latham will be showing the sheet at Interbuild at the National Exhibition Centre, Birmingham, at the end of this year.

The compound, called AW152, is virtually impermeable, it absorbs only minimal amounts of high pressure gas and retains its physical characteristics despite the high temperatures created by moving gases, which can travel at close to the speed of sound. The compound and an associated moulding technique were developed initially to meet specifications for applications in regulator valves in natural gas pressure reduction systems.

Handwritten Arabic text: هكزا من الاموال

THE PROPERTY MARKET BY ANDREW TAYLOR

Auctioneers really busy again

THE LAST six months has seen a resurgence of activity in the commercial property auction market with auctioneers' hammers being kept busier than at any time since the property collapse. Leading agents such as Healey and Baker and Jones Lang Wootton are making a concerted effort to re-enter the auction scene from which they have been mostly absent since 1973. But so far the marked lift in demand for auction selling has been mainly restricted to smaller secondary shop and residential properties and has not spilled over into the prime property market. This is in marked contrast to the boom years of the late 1960s and early 1970s when regular auctions of medium-size property took place. Healey and Baker, however, believe that this type of transaction could again prove attractive in a market where too many buyers are chasing too few sellers. In the past two months Healey and Baker have held three auctions and a further two are planned for July, while Jones Lang Wootton which had held only one auction since 1973 have had three in the past 12 months. Both report that demand from buyers and sellers has been good and that prices have generally performed better than expected and there have been cases where reserve prices have not been surpassed.

Allison, which specialises in the type of secondary and middle market property that has been in strong demand at auctions recently, says that the number of lots at its individual auctions is now averaging over 30—compared with about a dozen at the beginning of the year. In the past six months Healey and Baker has achieved sales of some £7.5m from auctions compared with £200,000 last year and £10.2m in the peak year of 1973. Mr. Paul Orchard-Lisle, a managing partner and responsible for auctions at Healey and Baker says: "We are increasingly advising clients to put property up for auction, which has a number of advantages over private treaty selling." He argues that in a buoyant market sellers are much more likely to get the best possible price by making competition as open as possible. Also once the auctioneer's hammer has sounded there is no pulling out of the deal. This has obvious advantages over private treaty deals where either party can pull out of the transaction at the last minute, making it easier for back-door zampung. The profile of the property market, however, has changed radically since Healey and Baker was last involved in any strength on the auction scene. And the major institutions which now dominate property investment will be reluctant to

accept the re-emergence of auctions at the top end of the market. Institutions such as the pension funds and insurance companies are notably secretive about their deals and would undoubtedly object to the unavoidable publicity which would surround a major auction. Equally sellers would have to be convinced that sufficient buyers would be prepared to attend an auction and that the lottery of selling in this fashion would not rebound on them—although the striking of a reserve price does provide some cushion. In spite of some sales resistance there have been signs of sellers of at least some larger units prepared to go to auction. At a recent auction held by

Jones Lang Wootton, Marks & Spencer paid £2.15m to acquire half of the head lease of its offices in Baker Street, while at the same auction £1.5m was paid to acquire a mixed office and retail development in Charlton Cross Road. Equally, Allison reports two cases where institutions overcame their natural shyness to bid successfully at auction for two separate good class shop properties in Weston-Super-Mare and Crewe. But generally auction deals have tended to be small, although growing in number. At the first Jones Lang Wootton auction, 12 months ago, no reserve price was above £100,000, while at the second there was no reserve price much above £3m.

Commercial rent values boom

COMMERCIAL rental value have risen in the last six months at a faster rate than at any time since the 1973 property boom, with the retail sector continuing to lead the way. The picture is painted by the latest Investors' Chronicle—Rillier Parker rent index which shows that the annualised rate of rent growth now stands at nearly 23 per cent compared with just 9 per cent 18 months ago and under 3 per cent in early 1977. The index makes the point that the rate of inflation has also speeded up in the last six months and when this is dis-

Doubt over Brent Walker plan

BRENT WALKER'S plans to convert the former Debenhams and Freebody department store in Wigmore Street, London, into a five-star 160-room hotel may be running into problems with Westminster council. Although the leisure and property group has still to seek official planning permission, informal discussions have been held and initial signs are none too hopeful. The council has already said that it is generally opposed to further new hotel development within its boundaries and is also concerned about the loss of a retail outlet. Brent Walker agreed to pay about £3.5m for the store, and planned to spend a further £5m on development and conversion, but the deal is subject to planning permission being granted.

Brake on Mersey Dock deal

THE FIRST impact of the Government's decision to wind up the Community Land Act—confirmed in this week's Budget—may be felt on Merseyside where the Mersey Dock and Harbour Company plans to develop 300 acres of derelict dockland. It is understood that Merseyside County Council has reached a tentative agreement with the company to acquire a lease on the undeveloped South Dock site. However, Sir Arthur Peterson, Mersey Dock's chairman, told stockholders at the company's annual meeting on Wednesday that no disposal

would take place until the full implications of the Government's decision to end the Community Land Act had been assessed. Negotiations to acquire the leasehold on the undeveloped South Dock began after the County Council threatened to purchase the site under the terms of CLA. Several developments have already been proposed for the South Dock. These include a trade centre and office complex at Canning Dock, a leisure centre and hypermarket. The council has also proposed to develop a maritime museum on the riverfront at Canning Dock.

It now remains to be seen whether Mersey Dock will be prepared to ratify the deal with the council now that the threat of CLA has been removed, or look elsewhere for a better deal. Mersey Dock almost went bust in 1970. It was only rescued after a capital reconstruction involving a 60 per cent write-down of capital and the issue of large amounts of loan stock. The first interest, at 10 per cent, becomes payable on this stock from 1985. With pre-tax losses of £1.47m last year including redundancy payments of £2.7m, compared with the previous year's £4.1m, the company clearly appears to need the cash.

Investment prospects in Dublin

PROPERTY INVESTORS cast a hungry eye at the spiralling prices for agricultural land in Ireland would do well to spare a glance at the Dublin office property market. A survey of the Dublin market by agents Jones Lang Wootton reveals sharply increasing hungry eyes at the spiralling prices for agricultural land in Ireland would do well to spare a glance at the Dublin office property market. A survey of the Dublin market by agents Jones Lang Wootton reveals sharply increasing hungry eyes at the spiralling prices for agricultural land in Ireland would do well to spare a glance at the Dublin office property market. A survey of the Dublin market by agents Jones Lang Wootton reveals sharply increasing hungry eyes at the spiralling prices for agricultural land in Ireland would do well to spare a glance at the Dublin office property market.

in pre-letting within the Dublin market. About 225,000 sq ft of new office space is due for completion this year and by mid-summer all of this is likely to be committed. In fact prospective tenants are already negotiating for 25 per cent of the 300,000 sq ft of offices due to be completed next year. Jones Lang says prime office properties have slipped to 6 per cent with the increasing strength of market yields and "are poised to fall still further because of the weight of pent-up demand and the shortage of buildings for sale." The agents, however, strike a cautionary note about some of the development plans to meet

future demand. There appears to be an assumption that this new phase will bring a return to conditions where developers can find a ready market for any building they care to run up. Such a view is likely to prove as unfounded now as it was in the years prior to 1973. In the long term Jones Lang sees the continuing development of the Irish economy set against a background of large numbers of ageing office buildings and the need to provide better accommodation for both home grown and overseas workers as future built points for the continued growth in the Dublin office market.

IN BRIEF

- Grosvenor Square Properties is to develop a £2.5m office-retail scheme in Ballards Lane, Finchley, London. Funding is from Royal Insurance.
Rediffusion, the television rental and computer group, has sold its office building in Hong Kong for about \$8.7m to Hutchison Properties.

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For further information

33 King Street, London EC2V 8EE. Tel: 01-606 4060 Telex: 885557

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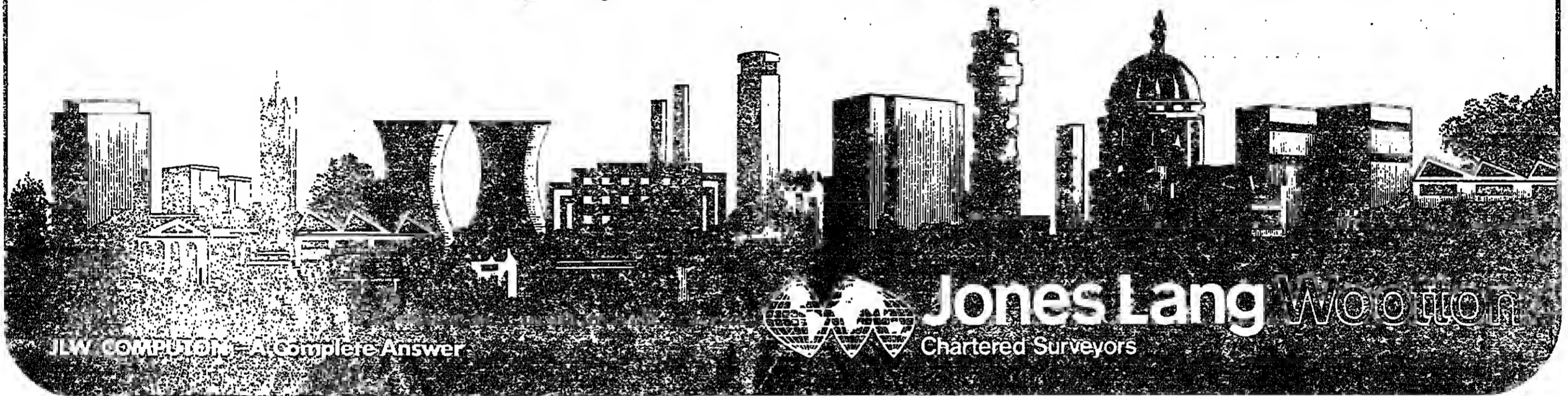
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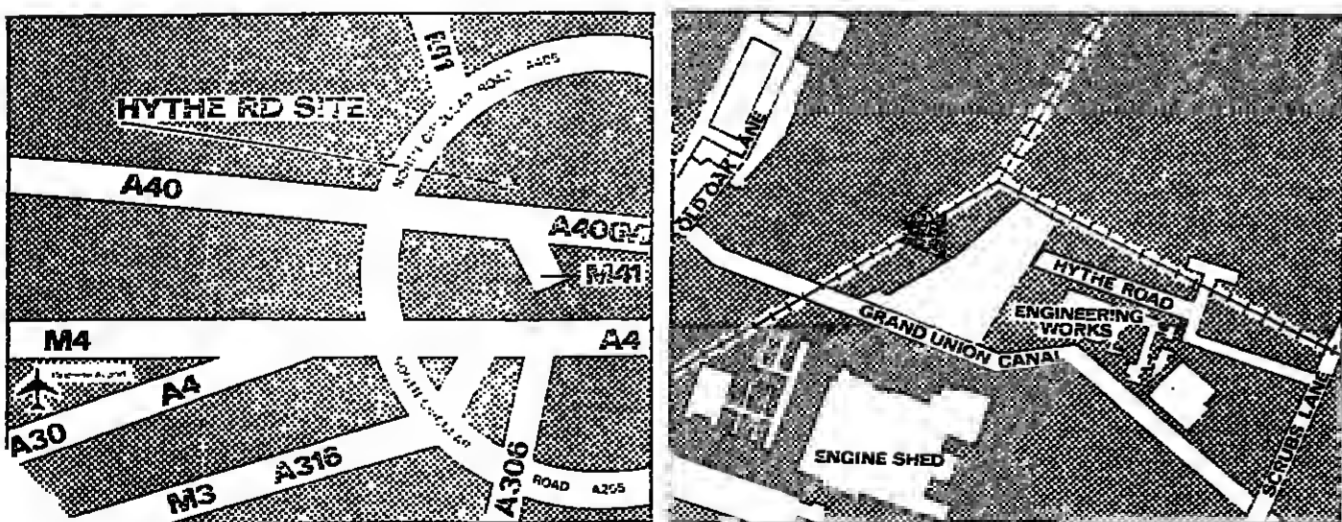
For further information

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مركز الامن الاحمر

FINANCIAL TIMES SURVEY

Friday June 15 1979

Pipes and Pipelines

While world-wide markets for pipes and tubes offer little hope of a sizeable upturn in demand, European manufacturers are now facing fierce competition with cheaper pipe imports from new plants in developing countries. Forecasts of pipe usage by the oil and chemical industries also remain depressed, influenced, in part, by energy saving campaigns.

European market under attack

By Roy Hodson

EUROPEAN PRODUCTION of pipes and tubes is now running at between 75 per cent and 80 per cent of the available capacity. That cannot be said to be an encouraging performance at a time when business is generally improving for steel-makers after four difficult years.

What is being reflected by the sluggish sales of European-made pipes and tubes is the growth of fierce competition in international markets from steel companies which have invested in new plants in the developing countries.

rather than as steel itself—in the jargon they are "first transformation products". That means that they have the freedom within the control of the steel industry management and reconstruction plans organised by Viscount Etienne Davignon, the European Industrial Commissioner.

Despite appeals from the European Tube Makers' Association, representing the EEC producers, Davignon has not been able to bring their products into the fold.

The best they have been able to obtain is some relief from pressures from cheap imports through the bilateral agreements arranged between the EEC and third countries selling steel into the EEC. Under those agreements—arranged by Davignon—discussions can be opened if trade in first transformation products increases significantly.

World-wide markets for pipes and tubes held out little hope of a sizeable upturn in demand. Forecasts of usage by the oil industry and the chemical industry remain depressed, influenced by the energy saving campaigns.

Neither is there much indication of growth in the usage of pipes and tubes in general, and constructional engineering.

The makers do not fear a relapse into recession this year or next. But they do not hold out much hope either of a consistently higher rate of ordering of their products.

upon export business to third nations and to neighbouring European nations.

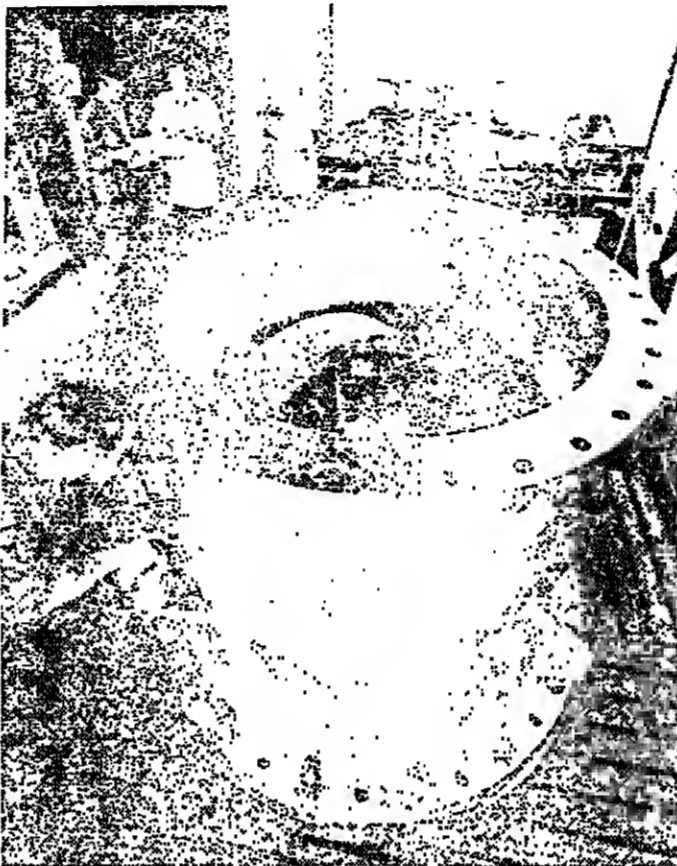
Germany is the largest EEC producer, followed by Dominie of Italy (half-owned by the State steelmaker, Italsider), and Vallourec of France. The British Steel Corporation ranks as the fourth largest EEC pipes and tubes maker.

Exports

These companies are used to exporting up to half of their production. British Steel is now exporting about a third. It would like to concentrate more upon the home market. But, again, there is a shortage of business. The North Sea oil and gas fields are no longer absorbing big tonnages and British Steel is having to sell hard abroad to keep its position in the pipelines markets.

The Tubes Division of the British Steel Corporation operates as a separate entity within the corporation. It is manufacturing at a rate of up to 900,000 tonnes of products a year, of which some 600,000 tonnes is made at the division's main plant, Corby, in Northamptonshire. The division also has two works in the Midlands, three works on Teesside, and the Christie works in Scotland, plus some small facilities.

During the disastrous year of 1977-78 for BSC as a whole, when the corporation lost a record £443m, the Tubes Division lost £307m. Clearly, losses as such a rate on under the terms of products are irresponsible. British Steel is now tackling the Tubes Division problem by proposing a drastic rationalisation, which will see the



The pipe of a range of low pressure extraction steam which enters under construction for the power industry at the works of Dewberry and Co., in Chirkersdale, Lancs.

for tubes are also expected to be raised sharply. It has been put to the unions that between £50m and £200m a year could be saved on the Corby operation if iron and

steelmaking using local ore at that works were to be ended. British Steel is bringing a high speed electric resistance welding for high quality boiler tubing.

iron ore from its new 10,000-tonne a day blast furnace. The proposal is to send semi-finished steel made at Teesside down to Corby for pipes and tubes production. The corporation believes that savings of that order are possible in spite of the transportation costs involved.

So far, the unions at Corby have resisted fiercely the concept of closing their iron and steelmaking plant. They estimated that up to 5,000 jobs would be lost, either directly or indirectly.

The Corby works was developed in an area without a tradition of iron and steelmaking in order to take advantage of local deposits of iron ore. As the British Steel strategy has developed of importing rich foreign ores to coastal steelworks, the Corby ironmaking, based upon a low quality ore, has become steadily less attractive.

But even if Corby loses its iron and steelmaking—and much argument can be expected before a decision is made—the plant is to continue as British Steel's main pipes and tubes production plant.

The plant is producing big tonnages of continuous welded pipes and square section tubes for use in construction and for gas and water applications. The continuous weld plant there can make 315,000 tonnes a year. The Corby plug mill makes pipes from solid bars and has an extensive market for casing and tubing in the oil industry.

Another Corby mill produces tubes by electric resistance welding for high quality boiler tubing. Some £40m is being invested at Corby on a new electric weld

stretch reducing mill. British Steel believes that customers will increasingly prefer tube and pipe made in this way because of its high and consistent quality.

British Steel has been gripped in the past for not making submarine pipelines. Large quantities of pipeline had to be imported at one period during the rapid expansion of the North Sea oil fields.

The corporation is still showing some ambivalence about entering the submarine pipeline market. Meanwhile, it has invested nearly £30m in 1978-79 on pipe finishing facilities and has also made a heavy investment in the expansion of its 44in pipe mill at Hartlepool.

The Hartlepool mill has now been improved to the point that it would require only one small further investment—a tank welder—to enable BSC to make submarine pipelines.

Decision

The factor governing the eventual decision whether or not to enter the market will be the availability of plants as the raw material for the big-inch pipeline.

British Steel plans for a new Teesside plate mill with a capacity of between 1m tonnes a year and 2m tonnes a year were shelved last year at the time of the halving of BSC's investment plants from £1bn a year to £500m a year. That mill was designed primarily to feed the big pipe mill.

One view within the corporation is that the plate could be made available from various BSC works in England and Scot-

land if the corporation really wants to get into the competitive international market of submarine pipelines. British Steel's contention is that considerable demand in its Atlantic markets for pipes and tubes markets for submarine pipelines. It is increasing the range of its submarine pipe products at Stanton Works, near Northwich, in response to demand for high temperature pipe for sea bed water distribution.

Expansion

By this time, the steel industry is also producing some steel to expand its facilities for making diesel iron pipes.

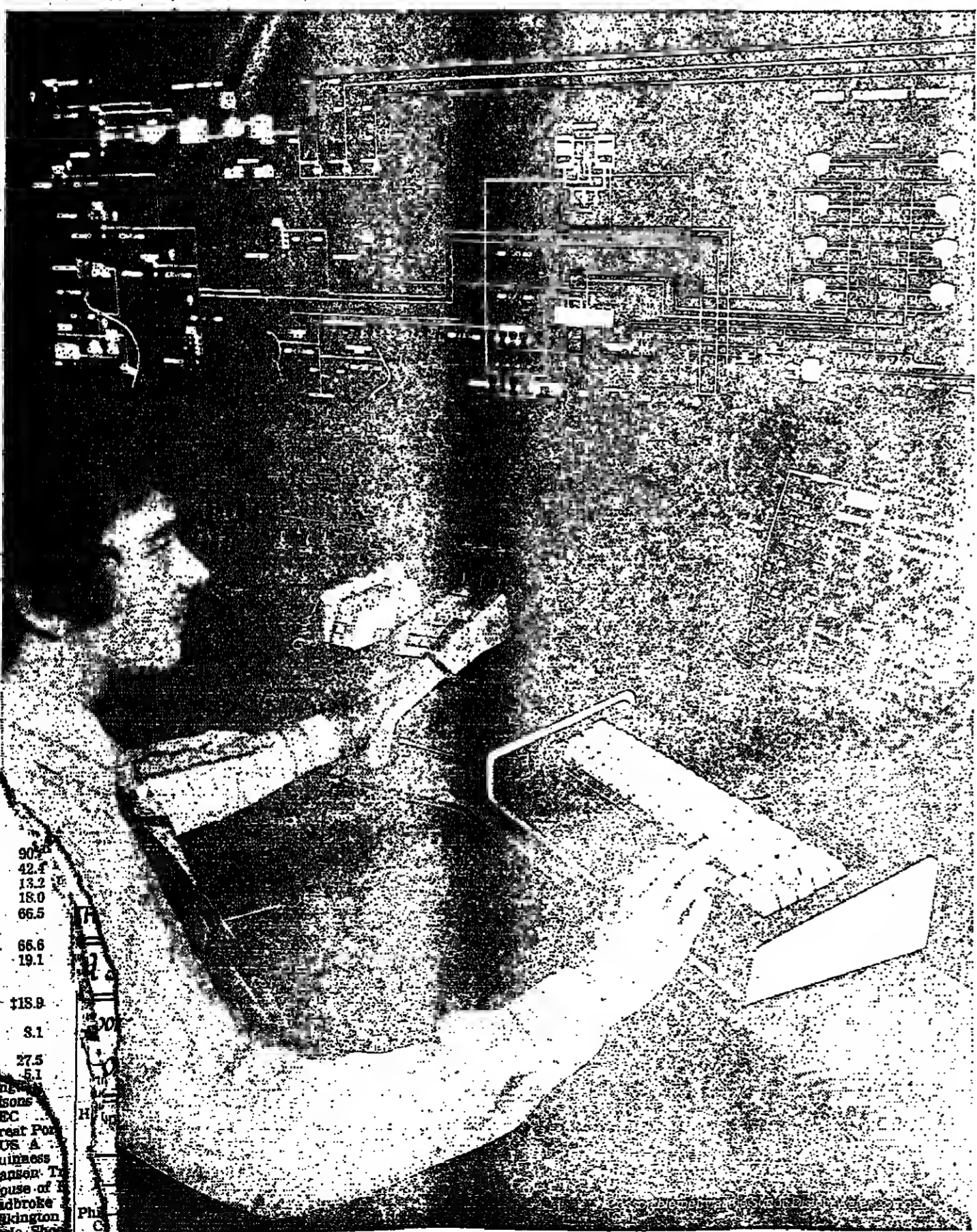
Plastic pipe is being given attention by Shell and Lloyds Plastics of Harrogate, which is part of the BSC Tubes Division. A new plastic pipe under the trade name Pexale is now in production here as a cheaper alternative to copper. It is made from a specially formulated cross-linked polyethylene material which has abnormally good resistance to high temperatures.

In the private sector of British pipes and tubes capacity is being increased by the fast growth of the Natural Gas Tubes plant at Tredegar, South Wales. Capacity is being doubled to 35,000 tonnes a year. Mr. Swain Paul, chairman, claims that his products are being selected by British market users instead of imports.

But imports remain probably the biggest single problem facing all European pipes and tubes producers. They still account for more than 10 per cent of EEC consumption.

Our telemetry systems

can prevent profits seeping out of your pipelines.



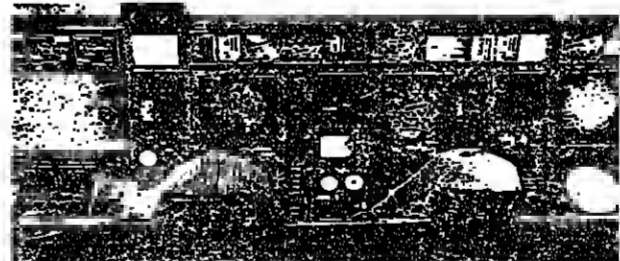
Many of the most modern industries have inherited worn, corroded pipeline systems. Water and gas for example. And when the pipeline leaks money can pour away until the fault is traced and repaired.

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This is just one advantage of our telemetry systems. Many other areas where operational efficiency is increased by more accurate measurement and control, benefit from applying the same techniques.

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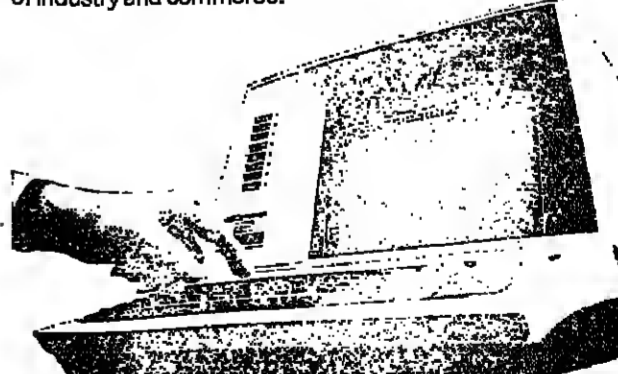
Our UHF/VHF ground-to-air communication systems are standard equipments for the Royal Air Force, and we have fitted them in many civilian airports here and overseas. We are producing a teleprinter for the British Army which has storage and extensive compose and edit facilities—more a fully fledged electronic terminal, in fact. We are developing tactical message terminals with storage facilities, which have any number of practical possibilities. Add to that modems, synthesisers, programmable filters and it is apparent that if you are interested in communications, we are the people to talk to.



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LOMBARD

A failure of communication

BY DAVID LASCELLES

ONE OF THE MANY rumours flying around the U.S. these days says that gasoline is being exported to Japan. Not only is this totally untrue, but inconceivable: there is not one but two laws prohibiting the export of U.S. oil without express Congressional permission...

Disbelieved

Few sources of information on energy are genuinely objective. The oil industry puts out reams of figures which are widely disbelieved simply because they are put out by the oil industry...

Profligate

Another misapprehension is that the oil companies are hoarding oil for the day when prices rise. In fact, they are perilously low. Moreover, any diversion of oil from gasoline production is taking place at the behest of President Carter who believes — quite sensibly — that it is more important to build up supplies of heating oil for next winter than fuel profligate summer driving.

CBI polishes 'work' image

By ANTHONY MORETON

AN EVENT unique in British industrial life draws to a close tonight when Industry Week in Sheffield closes its doors. Since last Saturday industry has been on show in the city's Norfolk Park in an attempt to put across to the community the message that it is not something alien to the community.



Nothing like it in this country before — though abroad, in countries like Finland, the idea is not new. Its motivating force in Sheffield has been the Confederation of British Industry, which realises that unless words like "profit" and "capitalism"...

Mother Earth to win again

SANDOWN AND York, two of the most popular courses in the country, stage fine programmes this afternoon and their respective crowds are unlikely to go home disappointed. To my mind the most informative racing this afternoon will be at York where several highly promising juveniles including Mother Earth, Just Amber, Charming Native and Pride and Prejudice...

British Rail, the National Coal Board, the Post Office and the Electricity Council were prominent concerns such as Davy Loewy, Firth Brown Tools, Neepseed, BP Oil, George Bassett and, of course, the Cutlery and Silverware Association. Smaller firms which are not household names but which are well known in the city, such as Allen Bennett, Hartill Developments and Trianco Reddy also participated.

Although he was a major disappointment of both last time out Fleet Order strikes me as worse another chance in the Merchant Adventurers Stakes over two miles. This colt, by Reform had previously put up a highly creditable performance on that same course in running Le Champ Talot to two and a half lengths. His last run is best ignored.

TV Radio section listing various programs and channels like BBC 1, BBC 2, and F.T. Crossword Puzzle No. 3,996.

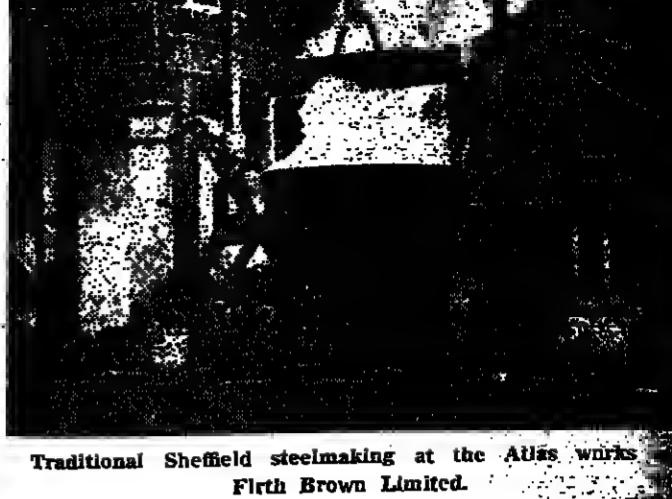
F.T. Crossword Puzzle No. 3,996 grid with clues for Across and Down.

Radio Wavelengths section listing frequencies for various radio stations across different regions.

ENTERTAINMENT GUIDE section listing various theatrical productions, operas, and musicals across different venues.

THEATRES section listing various theatrical productions, musicals, and plays across different venues.

CINEMAS section listing various film screenings across different venues.



Traditional Sheffield steamship on the Alton works, Firth Brown Limited.

internal CBI reasons, but was quickly welcomed by the city even though its industrial problems are less acute than many others surrounding it. Its level of unemployment is lower than both the national and regional average and it has until recently been heavily dependent on manufacturing industry, especially in steel and the allied cutlery industry.

However, it has attracted a number of service industries, among the most prominent being 15 departments of the Midland Bank and the Manpower Services Commission, which opens in September, bringing 4,000 jobs to the city which a half will come from local recruitment.

The city's policy has been to leave the manufacturing base because of the rationalisation of the steel industry and the demand from school-leavers wanting to go into white-collar jobs. Even so, it does not want to see its manufacturing sector eroded too greatly and it was for this reason that it welcomed the CBI's approach.

THE ARTS



Leonard Burt

The Other Place, Stratford
The Suicide by GARRY O'CONNOR

There are 200m people in the Soviet Union, and each one of us is afraid of someone...

But Erdman's many-sided face is no ordinary piece of dissidence, and for much of it, it is unclear exactly where his point of view lies...

A member of the Intelligentsia wants Podsekalkin to call attention to the plight of the intelligentsia...

Pirandello play at Greenwich

The next production at Greenwich Theatre, opening on June 23, with a preview on June 22, is Pirandello's Six Characters in Search of an Author...

Cinema

The All-American Hero by NIGEL ANDREWS

Oliver's Story (A) Ritz
The Buddy Holly Story (AA) Classic Haymarket
Saladin (A) Gala Royal

The Western was charged with the grandeur of John Wayne. Where a hundred Hollywood six-shooters failed, it was illness that finally felled this most monumental of stars...

Rumour wrongly ascribes Wayne's own death to a star in Stagecoach. But Wayne had his first leading role in a Western ten years before that...

Wayne's majestic slowness of presence gave him an air of maturity even when young. He was the obverse of a star like James Cagney, who never grew old...

Times may change, but Wayne never did, and his contentious right-wing politics reflected his personality. They were the politics of pioneer individualism...

the housing problems of poor Puerto Ricans, or should he step into his father's shoes and become a Big Business plutocrat?

Wayne was awarded his only Oscar in 1959 for True Grit. Typically enough (of Oscar accolades), this was his most "theatrical" performance...

It's typical of Hollywood's prowess with the rose-colored lens that it makes real-life stories appear just as sentimental or fantastic as fictional ones.

The Buddy Holly Story has reduced him to a packet of dehydrated tears...

You may have been wondering what happened to Oliver Barrett III, alias Ryan O'Neal—after the tragic death by leukemia of his wife, alias Ali McGraw...

Oliver's Story is directed by John Korty, co-written by Korty and Love Story author, Erich Segal, and is little short of exorcising two stories at once...

Diarist's record of the Navy

The first attempt to publish in a single volume, a diarist's record of the history of the Royal Navy has just been published by the Centaur Press of Fontwell, Sussex.

The book began as an idea by Admiral Sir Terence Lewin, the First Sea Lord who is soon to become Chief of Defence Staff, when he was C-in-C Naval Home Command...

day-by-day diary—for internal use in the Royal Navy to be a constant reminder to the Service of its history and achievements.

It was later decided to prepare an expanded and illustrated book for wider circulation. The major task was continued by Capt. A. B. Szizsbury, a retired Royal Naval Reserve Officer and naval historian...

Buddy Holly and his two-man band The Crickets rose from humble beginning in a garage-turned-music-workshop to become the idols of New York...

It's typical of Hollywood's prowess with the rose-colored lens that it makes real-life stories appear just as sentimental or fantastic as fictional ones.

The Buddy Holly Story has reduced him to a packet of dehydrated tears. Just add the flimgoer's tears, bring the mixture up to lukewarm and leave to steam for 110 minutes.

Saladin, an Egyptian film in wide-screen and colour, offers an Arab's-eye-view of the Holy Land Crusades. Richard the Lionheart is a plump, conspiratorial redbeard...



Ryan O'Neal and Candice Bergen in "Oliver's Story"

Festival Hall

Maazel's Mahler 6

Two fundamental objections apart, the penultimate concert on Wednesday of the Philharmonia's complete survey of the baton of Lorin Maazel was a characteristically tough and invigorating event.

The symphony was the sixth, and the objections are surprising, in view of Maazel's usually otherwise very precise and vigorous view of both the letter and the spirit of Mahler's scores.

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The tempi Maazel chose for the two movements lay within a metronome point of each other, but he disguised the bluntness of the effect by placing the slow movement between them...

Fundamental reservations (which as far as the tempo of the first movement is concerned can be argued on every page of the score) but there was room still for excitement. It was fine to hear the first movement properly weighted with its exposition repeat...

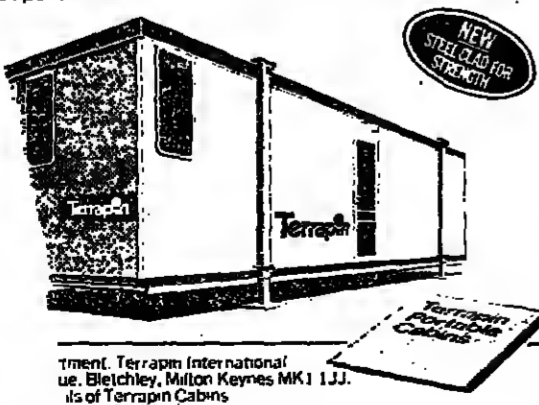
Thomas Igloi

In my review yesterday of Tuesday evening's concert at the Elizabeth Hall dedicated to the memory of the cellist Thomas Igloi, I unwittingly gave currency to the mistaken belief that Igloi's tragic death three years ago at the age of 29 was the result of suicide...

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Cowie's new opera by DAVID MURRAY

On Sunday, the day of the EEC poll in Germany, the Kassel Staatsbühne gave the first performance of an opera by an Englishman born in the middle of the last World War.

The idea for Commedia grew from Cowie's fascination with the antique commedia dell'arte, dating from some university experiments in re-creating the genre.

intent, invites everyone to dinner at the solstice. Brighella—the troupe-leader and master of all the action—appears as a supernatural judge, cuts the strings of all his human puppets, and sweeps the eternal feminine Columbus away to begin the cycle again.

The quick-witted, witty and topicality of the old commedia dell'arte are diminished to vanishing-point in Commedia. Cowie got from David Starmer presumably just the comic intrigues which were the mainstay of the original form...

Marriage of Tippet that Commedia most closely recalls, alike in its amateurish dramatic construction and in its rapt, lyrical pantheism.

In the hands of James Lockhart the score had a fine transitional glow, despite some provisional sounds from the reduced strings. By the end, the audience who remained seemed preponderantly enthusiastic.

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Handwritten Arabic text at the bottom of the page.

UK COMPANY NEWS

Companies and Markets

Chloride profit up 16% to reach record £29m

PRE-TAX profits up 16 per cent to £29m (17.6p) before tax and in third party sales to £946m are reported by the Chloride Group for 1978-79 and the Board expects the growth to continue in the current year.

The profit improvement in the year to March 31 was achieved despite increasing competition, overcapacity in the battery industry and disappointing growth in the world economy.

cluding an improved performance from Australia. The political and economic upheaval in Zaïre, including the effect on exchange rates, adversely affected results by £0.5m compared with last year.

DIVIDENDS ANNOUNCED

Table with columns: Current payment, Date, Current payment, Total last year. Lists companies like Aptone Drinks, Amber Industrial, Applied Computer, etc.

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Additional 1.53p to be declared on August 1. § For 18 months. ¶ Final expected to be similar to interim.

Over £3m for Ocean Wilsons

WITH TURNOVER much higher at £42.96m compared with £39.24m, taxable profits of Ocean Wilsons (Holdings) investment holding company, advanced from £2.88m to a record £3.18m for the year ended January 31, 1979.

Hestair chief comes under heavy fire

The directors of Hestair, the special vehicles and farm equipment group, were given a rough ride by shareholders yesterday during a lengthy post-mortem on the group's 1978 trading losses.

For shares which, he claimed, cost the company £1.5m in profits alone. The main reason for the company's 'fall from grace' however, was an unpremeditated drop in the demand for farm equipment.

Dull finish by B & C but meets profit target

PROFITS before tax of the British and Commonwealth Shipping Company were down from £29.3m to £26.6m in the year to December 31, 1978, but the profit figure is in line with expectations at midway.

HIGHLIGHTS

Lex discusses the sharp post-Budget shakeout in the gilt-edged and equity markets as the inflationary and interest rate implications of the Chancellor's measures were absorbed.

Turnover of the subsidiary, Amber Industrial Holdings improved from £2.05m to £3.36m in 1978-79 and pre-tax profit was £381.213 compared with £361.338.

Braby Leslie shows £0.3m fall

AS ANTICIPATED at the interim stage, full year results of Braby Leslie, mechanical and civil engineering group, failed to match the record figures of 1977-78.

intense competition and a decrease in orders for brewing equipment. However, the directors point out that Braby's results must be viewed against the exceptionally favourable conditions in 1977-78 when its profits reached a peak.

in March of Tam's Loup Quarries to Pioneer Aggregates (UK). After dividend payments, retained surplus emerged at £1.39m against £1.51m.

Staveley at £11.3m and expects further growth this year

THE directors of Staveley Industries announced turnover of £154.15m for the year ended March 31, 1979, and taxable profits of £11.3m.

after the bad winter weather, while the entry into micro-technology will boost sales. Also, the North American contribution will benefit from the continuing recovery in Canada and the first full-year profits from the new acquisitions.

Capper-Neill advertisement featuring 'PROFITS £5.5 MILLION EXPORTS £31 MILLION' and 'FURTHER GROWTH IN 150TH ANNIVERSARY YEAR'. Includes Chairman's statement highlights and financial data tables.

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Companies and Markets

UK COMPANY NEWS

Robertson declines to £2m ECC ahead to but looks for improvement £10.4m so far

THE FORECAST decline in year-end taxable profits at Robertson Foods, the largest producer of jams and marmalades in the UK, turned out to be from a record £2.7m to £2.04m on turnover ahead from £72.3m to £80.1m. However, the Board is certain there will be a substantial improvement in profits starting this year.

juices and the home brew market, which are showing continuing growth and potential. In addition, steps have been taken to reduce costs which should bring back margins to more acceptable levels. The taxable profit was struck after associated profits of £12,000 (nil). The tax charge is down from £363,000 to £246,000 and stated earnings per 25p share have fallen from 22.8p to 14.5p.

Wm. Leech finishes ahead

DESPITE A fall from £1.48m to £1.29m in the second-half, pre-tax profits of William Leech (Builders) finished the February 28, 1979, year ahead at £2.34m against £2.2m last time. Turnover went ahead slightly from £30.82m to £31.32m.

THE BAD winter and the transport strike hit English China Clays in the first half to March 31, 1979. On turnover up from £107.9m to £123.9m taxable profits went ahead from £5.53m to £10.48m.

was also affected by the weather, suffered from the low level of public sector homebuilding, and this side of the UK business has virtually been closed down. Private estate development continued satisfactorily. The West Indies operations performed below expectations and the group is withdrawing from that area.

Second half lift boosts Plysu to £1.2m—dividend up 36%

A SECOND half increase from £294,000 to £566,000 boosted taxable profits of Plysu, plastic container and domestic ware manufacturer, to a record £1.31m for the year ended March 31, 1979, against £750,000 last year.

price of high density polyethylene which is Plysu's main raw material, but demand for products remains buoyant even at the new price levels. Turnover for the year was ahead from £11,066 to £13,252m and the pre-tax figure was struck after interest £205,000 (£107,000), depreciation £572,000 (£483,000), and included associates' loss of £7,000 compared with £6,000.

market, depressed by the cold summer. This sector accounted for some 80 per cent of group turnover with housewares contributing 17 per cent and the rest from the industrial division. Although high density polyethylene prices (the main raw material) have risen by around 25 per cent since the end of the year, Plysu appears confident of riding out the problem.

THE BUILDING division, which also hit by the weather but because of frost and snow damage to roads demand for its products is expected to be high in the near future. The division is well placed to benefit from this work. The buildings division, which

Brown Shipley marginally down after banking side falls 4.4%

NET TRADING profits of Brown Shipley Holdings, merchant banking and insurance broking group, were marginally down from £1.69m to £1.65m for the year ended March 31, 1979. At the interim stage, the directors were not expected to match the record level of 1977-78. After-tax net surplus of the banking side fell by 4.4 per cent to £1.25m.

progress and provided useful profit contributions. During the year, the holding in Trinity Bank in Dublin was increased to 78 per cent, and the directors are with its progress. Growth in brokerage earned in the UK from both home and overseas markets failed to keep pace with costs incurred here. The low level of economic activity and the strengthening of the pound against the currencies of the group's major overseas earnings remain significant factors in this unsatisfactory picture.

At mid-way, the surplus was up to £33,590 (£31,512), and the directors expected improved full-year results. The net final dividend of 4.506p per 25p share lifts the total to 5.380p (4.766p). Tax took £56,741 (£51,412). No further provision has been made beyond April 28, 1979, for deferred tax because of stock relief.

On the banking side, demand for credit in the first half-year was low and margins on available business narrowed. Earnings on the bank's free capital improved in the second six months and it was encouraged by an increase in demand for credit facilities. This was reflected in greater use of its acceptance facilities at the year-end. Assets held for leasing increased from £11.47m to £13.88m and the contribution to banking profit showed a significant improvement. Banking businesses in the Channel Islands made steady

Among direct overseas operations, the U.S. side again made an important contribution, but the Australian company has still to become profitable. The South African offshoot also made a significant contribution. At balance date, group cash, bank balances and short-term money were down slightly from £42.49m to £41.57m. Loans, advances and other accounts reached £78.83m (£61.78m). Deposits and other liabilities were £198.73m (£179.83m). Mergers has been informed.

London W.I. Luxury Furnished Apartments. Greengarden House, St. Christopher's Place in quiet, picturesque, pedestrianised area near Oxford Street. Fully-equipped apartments with maid service.

Midland Bank Base Rate. Midland Bank Limited announces that, with effect from Friday 15th June 1979, its Base Rate is increased by 2% to 14% per annum.

MINING NEWS. Gold shares: was the market wrong?

BY KENNETH MARSTON, MINING EDITOR. WHY ON earth are gold shares so weak? Asked more than one holder on Wednesday when in a general burst of post-Budget depression the Gold Mines Index of London prices suffered one of its biggest-ever falls of 26.4 to 174.5, the lowest since May 15 when bullion was just under \$254 per ounce.

The answer was that, apart from a modest easing in the bullion price to \$276—recovered to \$278 yesterday—the market was worried by the fall in the effective dollar premium to 141 per cent, almost half the rate obtaining prior to the general election six weeks ago.

The disoriented holders of gold shares may well have been moved to observe, in strong terms, that a share price fall of this magnitude entirely unconnected with any South African racial upheaval—was unjustified and provided an excellent buying opportunity for those who had been waiting to get in.

Perhaps second thoughts were being had in a steadier share market yesterday when, helped by the improvement in the bullion price, the gold mines index recovered 2.7 to 177.2. At the same time the effective dollar premium, which is contained in London prices eased further to 141 per cent.

Near £0.3m profit rise for Dom

AFTER PRE-TAX profits of £335,155 against £406,171 at half-way, Dom Holdings, fixing products group, advanced to finish the March 31, 1979, year ahead at a record £1.51m compared with a previous £1.02m. Turnover rose from £10.37m to £12.46m.

THE DEVELOPMENTS planned and started some years ago by Debenhams, retail distributor, are now coming on stream and the group is beginning to reap the benefits, says Sir Anthony Burnet, chairman. As anticipated last year, the group opened two new stores during 1978 at Swansea and at Stockport. Both of these are showing good results and are coming fully up to directors' expectations.

STC AT 160P. Arrangements for the offer for sale of 15m ordinary shares of Standard Telephones and Cables have been completed, S. G. Warburg announces.

Motor disputes restrict Crosby Spring to £1m. BUT for strikes in the car industry, the pre-tax profit of £1.01m, achieved by Crosby Spring Interiors for the year ended March 31, 1979, would have exceeded comfortably, the directors report. The profit compares with £712,090 in the previous year.

Pauls & Whites up to record £7.64m

A GOOD performance in the animal foods division helped Pauls and Whites to finish the March 31, 1979, year with record taxable profits of £7.64m against £5.25m. Turnover was well ahead at £183.3m compared with £144.7m.

CMT SUSPENDED. Central Manufacturing and Trading, the industrial services and steel stockholding group, asked for its shares to be suspended on the Stock Market pending an announcement. The suspension price was 75p, up 11p from the value of the group at £19.5m.

OXLEY PRINTING. Oxley Printing Group has decided to exercise its right to convert all the remaining 14 per cent convertible debenture stock into ordinary shares, at the rate of four shares for each £1 stock.

Warrington warns on public sector. Workload available to the industry in the public sector could decline later in the year, says the chairman of Warrington and Son annual statement for 1978. But he adds that housing sector continues to prove and the co obtained more contracts. The general public works contract lifted taxable £176,000 to £244,000 man says that it forecast the current weather in the 2.5

At mid-way, the surplus was up to £33,590 (£31,512), and the directors expected improved full-year results. The net final dividend of 4.506p per 25p share lifts the total to 5.380p (4.766p). Tax took £56,741 (£51,412). No further provision has been made beyond April 28, 1979, for deferred tax because of stock relief.

Hill Samuel Life raises bonus rate. As a result of the surplus disclosed by the annual valuation made at March 31, 1979, Hill Samuel Life Assurance has declared a record reversionary bonus rate of 4.4 per cent per annum of the basic sum assured and attaching bonus. This new rate compares with 3.70 per cent declared last year.

Advance Laundries starts well. The current year has started well at Advance Laundries says Mr. W. M. Dravers, the chairman who fills members in his annual statement that he believes the company will put up a better performance in 1979 than in the previous year.

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Midland Bank. Midland Bank Limited announces that, with effect from Friday 15th June 1979, its Base Rate is increased by 2% to 14% per annum.

Hogg Robinson and 'Pru' join in new Bahrain venture. A new Bahrain offshore insurance concern has been established by a Saudi Arabian-Bahraini consortium, together with Hogg Robinson Group, the insurance broker, and the Prudential Assurance Company.

Warrington warns on public sector. Workload available to the industry in the public sector could decline later in the year, says the chairman of Warrington and Son annual statement for 1978. But he adds that housing sector continues to prove and the co obtained more contracts.

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NORTH AMERICAN NEWS

SEC to decide soon on disclosure

BY DAVID BUCHAN IN WASHINGTON

MR. HAROLD WILLIAMS, chairman of the Securities and Exchange Commission, said here this week that a recent five-county tour of West European Regulatory agencies he had made had heightened his awareness of the difficulties that foreign companies claimed in meeting disclosure requirements to get a listing on U.S. securities markets.

After talks to Britain, France, Germany, the Netherlands and Switzerland, Mr. Williams said he found widespread disquiet about U.S. disclosure rules, particularly on lines of business by product or geographical area, and on executive salaries. This was because of financial, and indeed cultural, traditions very different from the U.S., he said.

In recent years, the major accounting firms have been drawing increasing fees by offering their clients management advisory services, and recently the U.S. accounting profession's self-regulatory agency, the public Oversight Board, concluded that new restrictions on such management advisory services are not needed.

The SEC, however, has listed six kinds of service which it suggests auditors probably should not carry out for their clients, although it is not taking the step of banning them.

Edper takes control of Brascan

By Robert Gibbons in Montreal BRASCAN stockholders offered just over 10m shares in response to the bid by Edper Equities for a maximum of 5m Brascan shares at \$28 a share. This means that Edper, which is two-thirds owned by the Peter and Edward Bronfman interests, and one-third by the Patino mining family, will take up 49.51 per cent of the total shares tendered under the offer on a pro rata basis.

GTE wins battle over Telenet

BY MAX WILKINSON

GENERAL Telephone Electronics of the U.S. has won its legal battle to be able to take over Telenet, the company which operates a network for switching computer data into the data communication business through its participation in Satellite Business Systems. ITT also has ambitious plans in the field, and both companies will come up against the much debated monopoly of American Telephone and Telegraph over the telephone transmission network.

GTE therefore puts the company into a good strategic position against the other giant of the computer and telecommunications industry. International Business Machines is moving into the data communication business through its participation in Satellite Business Systems. ITT also has ambitious plans in the field, and both companies will come up against the much debated monopoly of American Telephone and Telegraph over the telephone transmission network.

puterised library of information, was originally designed to use the telephone network, but it could equally well be adapted to use a data network like Telenet.

Scott, Foresman

Scott, Foresman and Co., whose principal business is textbooks, raised net earnings to \$27.85m from \$23.09m for the year ended April 30, writes our financial staff. Sales increased to \$225.2m from \$189.0m and earnings per share improved to \$2.40 from \$2.00. The quarterly dividend is being raised to 20 cents a share from 16 cents.

Harding Carpets shows increased loss

BY OUP MONTREAL CORRESPONDENT

HARDING CARPETS, one of Canada's largest carpet producers, reports a second-quarter loss of \$276,000 against a loss of \$462,000 a year earlier, on sales of \$616m against \$518m. Both figures exclude extraordinary items.

The half-year loss was \$21.2m, against a loss of \$29.1m a year earlier, excluding extraordinary items. Second-quarter results were poorer than expected, the company said, because of a five-week strike at its Quebec plant, and also a fall in demand.

The carpet-producing industry in Canada has been suffering from over-capacity and demand may be affected this year by a lower rate of new office and home construction.

Gillette sued by Warner Lambert

MORRIS PLAINS-Warner Lambert has filed a complaint against Gillette, accusing the shaving gear manufacturer of violating the Patent Law, unfair competition and breach of contract.

The complaint by Warner Lambert, which markets razors and blades under the Schick name, accuses Gillette of monopolisation and attempts to monopolise the non-electric shaving industry.

Warner Lambert said its suit charges that Gillette has employed its monopoly power to foreclose competition in the sale of razor cartridges and that Gillette seeks to prevent the truthful advertising and promotion of competitors' products.

The "Atra" Invitation Razor design was finally determined in the production line ordered before Warner Lambert announced its plans for the introduction of any Schick blade carrying which would fit an "Atra" razor, he said.

EUROBONDS

U.S. statistics and build-up of new issues hit prices

BY JOHN EVANS

EURODOLLAR bond prices gave up some ground yesterday, as the market's recent rally lost momentum.

The continued build-up in new issues and uncertainty ahead of the latest U.S. money supply and industrial output statistics overshadowed trading, according to dealers.

The DM 100m seven-year issue for the Inter-American Development Bank has been priced as low as 97 1/2 per cent, and is expected to be sold at 98 1/2 per cent.

Strong second half seen by Eagle-Picher group

CINCINNATI — Eagle-Picher Industries, a chemicals and machinery group, expects its second half to be strong.

In fiscal 1978 ended November 30, Eagle-Picher earned \$2.70 a share.

Warning for Canadian borrowers

By Our Montreal Correspondent COMPANIES HAVE been advised to raise new funds at once, because interest rates may climb higher and the money market tighten, says Mr. Peter Campbell, life president of Wood Gundy, Canada's largest investment concern.

Bank shares suspended

WASHINGTON — The Comptroller of the Currency announced the suspension of trading for a 10-day period beginning yesterday in the common stock of southern National Bank, Birmingham, Alabama.

The bank's securities are being traded in the over-the-counter market.

Any drop in short-term rates will be modest because of the shaky Canadian dollar and pessimistic expectations about the U.S. economy, he said.

Increased loss for Arlen Realty

NEW YORK — Arlen Realty and Development Corporation said the decline in revenues of continuing operations was due in part to reduced rentals resulting from the sale of real estate properties.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Table with columns for U.S. DOLLAR, DEUTSCHE MARK, OTHER STRAIGHTS, and CONVERTIBLE BONDS. It lists various bond issues with their respective prices and yields.

From today you'll find it easier to do business in Japan. Large advertisement with stylized text.

Amro Bank offers full branch services in Tokyo. Amro Bank has had a representative office in Tokyo since 1976. Like Japanese industry, our business has grown considerably in that time.

Now we will be able to offer our clients a wider range of services, including loans and deposits in yen, foreign currency exchange and dealing, advice on import and export finance, guarantees, remittances and from Japan, and documentary credits, all backed by our experience of acting on behalf of international companies.

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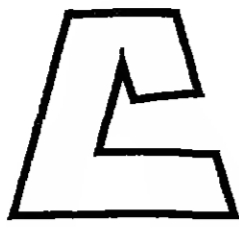
GM reaffirms dividend policy

NEW YORK — A General Motors Corporation spokesman denied news reports of a "lower dividend in the near future" and reiterated the company's policy to "pay dividends which over the longer term will compensate for inflation and provide a real return to stockholders on their investments."

Table with columns for STRAIGHTS, CONVERTIBLE, and other bond categories. It lists various international bond issues with their respective prices and yields.

Companies
and Markets

INTL. COMPANIES and FINANCE



LAFARGE

	1978	1977
Group turnover	FF 000's 6,544,736	FF 000's 6,320,726
Total profit before taxation	382,584	358,027
Total profit after taxation	163,371	181,527
Profit after taxation and translation gains attributable to members of the Company	220,105	159,715
Cash-flow	695,053	632,412
Earnings per share	FF 38.63	FF 34.35
Dividend per share	FF 13.40	FF 11.18
Tax credit per share	FF 6.70	FF 5.59
Total dividend per share	FF 20.10	FF 16.77

Salient points from the Report to the Shareholders

- The net profit attributable to members of the Company shows an increase of 38%. This is principally due to:
 - the increase of 31% of the result of the operating group "Cements and Concrete in France" due mainly to the lifting of Government control of selling prices at mid-year,
 - the profit of 8.9 million francs of the operating group "Refractory products and furnace construction", against a loss of 8.5 million francs in 1977.
- The translation gains for the year amounted to 37.6 million francs, against 8.7 million francs in 1977. (shown as extraordinary items). These represent gains on translation of the net monetary assets of foreign companies, particularly in Canada.
- It is proposed to the next Annual General Meeting to fix the dividend per share at FF 13.40, an increase of about 20% over 1977. This dividend will also apply to the new shares issued in October 1978, which will result in a 47% increase of the total distribution.
- Profits are expected from all the operating groups in the coming year.

Lafarge
28, rue Emile Mënier, Paris 16e.
Tel: 502 11-10. Telex: 620804 F.

SONY CORPORATION

U.S. accounting rule holds back profits

BY RICHARD C. HANSON IN TOKYO

CONSOLIDATED net profits of Sony Corporation fell by 35.6 per cent to ¥7.88bn (\$35.8m) in the six months to April 30, from ¥12.22bn in the same period of the previous year—but would have doubled but for the following of the U.S. Federal Accounting Standards Board guidelines, the company said.

Under the impact of the U.S. accounting requirement, FASB S, applying to foreign currency translations, net income for the second quarter alone was down by 49.3 per cent to ¥3.46bn.

Consolidated sales reached a record of ¥294.21bn (\$1.3bn) for the first half, up 15.3 per cent, and totalled ¥143.87bn in the quarter, for a gain of 20.7 per cent.

The FASB problem apart, officials were pleased by the results, pointing to a substantial rise in pre-tax operating profit of 85.0 per cent to ¥34.57bn in the half, and the sharp gain of 198.3 per cent to ¥19.26bn for the quarter. They said that strict measures to rationalise production costs and higher value-added product sales were behind the increases.

Overseas sales accounted for 56.9 per cent of the total, up 13.4 per cent to ¥169.54bn while domestic sales gained 17.8 per cent. Home video tape recorder sales gained 36.3 per cent to ¥54.99bn, while television sales rose 4.8 per cent to ¥30.49bn. The company expects that television sales this year will rise to over 2m sets, from 1.9m last year.

Video tape recorder sales were boosted by the introduction of new models with longer playing times. A cheaper model has just been announced.

Magnetic tape sales were brisk, accounting for 10 per cent of all sales, and pushing miscellaneous sales up 27.3 per cent to ¥75.37bn.

Sony's overseas sales to Africa, the Middle East and South-East Asia, about one-third of the total, were up by nearly 50 per cent, while sales in Europe gained about 30 per cent. U.S. sales in yen terms, also roughly one-third of the total, were down a little after consolidation, despite a dollar-based sales increase of about 15 per cent, as a result of the FASB requirements.

Sony said that if accounting procedures used up until 1976 concerning translation of foreign currencies from foreign subsidiaries had been applied there would have been a sharp increase in profit. Sony officials are advocating the abandonment of the FASB rule which calls for translation of those foreign currency transactions at historical rather than at current rates.

A good part of the accounting loss is not subject to favourable tax treatment in Japan.

Sony's parent company results lend weight to the group's statement on FASB's effect on consolidated net profit. The parent's net profit in the half was 23.8 per cent to ¥11.355bn, on a sales gain of 10.7 per cent to ¥217.92bn.

Accounting procedures have played havoc with Sony's results over the past year. In one quarter they made net profit artificially high, because of a sharp appreciation of the Japanese currency. This has not helped the company's image as it has attempted to pull out of a period of difficulties.

Despite the main problems in the world economy, Sony expects that good progress will be made during the second half of this fiscal year. It does not expect any adverse impact on sales even if the U.S. slips into a long-awaited economic recession—seeing most of its customers as being in income brackets which will not be squeezed by a slow-down.

Earnings increase at Volkskas

By Our Johannesburg Correspondent

VOLKSKAS — South Africa's major Afrikaner-oriented bank, with diversified industrial interests—increased its taxed profits by 35.1 per cent, to R22.8m (\$27m) in the year to March, from R16.8m the previous year, as a result of largely improved contributions from its sugar subsidiary, Transvaal Sugar.

The preliminary report indicates that Volkskas' net asset value has increased to R3.05bn from R2.92bn. An improvement in banking operations also played an important role in lifting earnings, which amounted to 103.6 cents a share, against 78.1 cents. The final dividend is raised 3 cents to 15.5 cents, bringing the year's total payout to 26 cents, compared with 22 cents.

Saudi British Bank

The Saudi British Bank opens its new branch at Qatif on Saturday as part of an expansion which earlier this year added a branch in Jubail to those in Jeddah, Riyadh, Alkhobar and Dammam.

Petronas reveals profits above U.S. \$300m in 1978

BY WONG SULONG IN KUALA LUMPUR

PETRONAS, the Malaysian state oil company, it is revealed, made profits of 674m ringgit (U.S.\$902m) in 1978, against 682m ringgit in 1977 and 250m ringgit in 1976, Datuk Hussein Onn, the Prime Minister, told Parliament.

However, from 1978 to April this year, Petronas incurred a book loss of 95m ringgit as a result of the depreciation of its holding in U.S. dollars.

This is the first time that profit figures have been released for Petronas, which is registered as a private company. In 1975, the first full year of operation, it made a loss of some 500,000 ringgit.

The information was given in reply to a question from an

Opposition member, who asked whether Petronas would consider switching its investments away from U.S. dollars.

Datuk Hussein said that there was no intention to switch substantially away, because Petronas was involved in several major projects that had to be paid in U.S. dollars. Also, such investments were yielding satisfactory rates of return.

Since August last year, however, the current income of Petronas had been converted into Malaysian currency, and invested at home.

Meanwhile, a visiting oil mission from the Canadian province of Alberta has expressed optimism of prospect for co-

operation between Petronas and Alberta on development of oil.

Mr. Sid Lavery, the mission leader, said that the team discussed with Petronas various possibilities for cooperation, including the sale of drilling bits, and the local manufacture of oil and gas equipment.

Alberta produced 85 per cent of Canada's oil and gas, said Mr. Lavery, and it was capable of providing advance technological expertise and equipment for Petronas' needs.

Datuk Hussein, in reply to another question in parliament, said that the Federal Government was expected to receive 1bn ringgit from oil this year—850m from income tax and 150m from royalties.

ATL sells its U.S. division

By John Rogers in Sydney

ATL, the Australian electronics and totalisator group, yesterday upset Smorgon Corporation's takeover hopes with the announcement that the group had sold its successful U.S. operating division for A\$14.5m — A\$500,000 more than the current offer.

The U.S. subsidiary, Autotote, will go to an undisclosed American company recently formed by investor clients of a Boston merchant bank. ATL directors said that further details would be given at an extraordinary meeting of shareholders to be called to approve the deal.

The directors would say yesterday only that the sale price was U.S.\$16m, with U.S.\$12m payable in cash on completion and the rest by the issue of 6 per cent convertible preference stock.

The transaction means that the privately-owned Smorgon, will have to reconsider its strategy, after buying a 17 per cent stake in the company before launching an A\$1.45 a share bid for the ordinary capital and A\$1.02 for each preference share on Tuesday.

Mr. J. R. Palmer, ATL's general manager, said that simultaneously with the sale, an agreement would be entered into between ATL, Autotote and the buyer to provide for full cross-representation and exchange of wagering system technology and products for a period of five years.

Official bond purchases in Japan

TOKYO—The Finance Ministry is to buy ¥700bn of national bonds from Japanese banks as an emergency measure to help the banks reduce losses arising from a sharp fall in secondary market prices of national bonds, ministry officials said yesterday.

Purchases would be made through swap contracts, under which banks will buy back bonds at the same price after a year. The Ministry would

use cash from its Trust Fund Bureau and National Bond Consolidation Fund for the purchases.

The purchases would be confined to 6.1 per cent 10-year National bonds issued towards the end of 1978. The purchase price would be the so-called theoretical price, between ¥0.02 and ¥0.03 above the issue price of ¥9.5 per cent.

Japanese banks had asked the Finance Ministry to defer list-

ing on the Tokyo Stock Exchange of the bonds, of which ¥1,900bn were issued, but the Ministry decided to list from July 1, after buying back the ¥700bn.

Secondary market prices of other 6.1 per cent national bonds issued earlier in 1978 and already listed on the stock exchange have fallen to a record low of 86.07 per cent, or a yield of 8.898 per cent.

Reuter

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CORAL INDEX: Close 472-477

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† Property Growth 111%
† Vanbrugh Guaranteed 10.57%
† Address shown under Insurance and Property Base Table.

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STANDARD CHARTERED MERCHANT BANK LIMITED

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CURRENCIES, MONEY and GOLD

Pound falls in quiet market

THE UNWINDING of a large forward position in sterling was the only major factor in very quiet foreign exchange trading yesterday. The pound opened at \$2.1045-2.1055 and rose to a high point of \$2.1055-2.1065 in early business. After settling at \$2.1030-2.1040 for most of the morning, sterling lost 1 cent to \$2.0990-2.0910 at lunch time, as the commercial order to sell sterling and buy D-marks hit the market. This was believed to have come from Paris, but once out of the way trading resumed a very quiet pattern once more with the West German market closed for a public holiday. The pound closed at \$2.0953-2.0963, a fall of 32 points on the day.

BRUSSELS—The Belgian franc improved slightly against the D-mark with the help of the quiet foreign exchange trading yesterday. The franc was fixed at BFR 16.095 s/lil close to its floor level of BFR 16.074. It was slightly firmer against the dollar and sterling but eased in terms of the Italian lira and French franc.

MILAN—Sterling was fixed against the yen in moderate trading to finish at ¥220.725 compared with ¥218.875 on Wednesday. The yen rose against the dollar and the pound, but still reached a record high. The pound was quoted at L1.788, compared with L1.787 during the morning of L1.784.9. Elsewhere the dollar continued to show a weaker tendency and was fixed at L\$2.45 against L\$3.05, while EMS currencies were fixed slightly higher overall against the lira.

TOKYO—The dollar rose against the yen in moderate trading to finish at ¥220.725 compared with ¥218.875 on Wednesday. The yen rose against the dollar and the pound, but still reached a record high. The pound was quoted at L1.788, compared with L1.787 during the morning of L1.784.9. Elsewhere the dollar continued to show a weaker tendency and was fixed at L\$2.45 against L\$3.05, while EMS currencies were fixed slightly higher overall against the lira.

THE POUND SPOT AND FORWARD

Table with columns: Date, Day's spread, Close, One month, % p.a., Three months, % p.a. Rows include U.S., Canada, Netherlands, Belgium, Denmark, Ireland, W. Germany, Portugal, Spain, Italy, Norway, Sweden, Japan, Austria, Switzerland.

THE DOLLAR SPOT AND FORWARD

Table with columns: Date, Day's spread, Close, One month, % p.a., Three months, % p.a. Rows include U.S., Canada, Netherlands, Belgium, Denmark, Ireland, W. Germany, Portugal, Spain, Italy, Norway, Sweden, Japan, Austria, Switzerland.

CURRENCY RATES

Table with columns: Currency, Bank of England, Morgan Stanley, etc. Rows include Sterling, U.S. dollar, Canadian dollar, etc.

OTHER MARKETS

Table with columns: Commodity, Price, etc. Rows include Argentina Peso, Australia Dollar, Brazil Cruzado, etc.

EMS EUROPEAN CURRENCY UNIT RATES

Table with columns: Currency, ECU, etc. Rows include Belgian Franc, Danish Krona, German D-Mark, etc.

EXCHANGE CROSS RATES

Table with columns: Currency, Rate, etc. Rows include Pound Sterling, U.S. Dollar, Deutschmark, etc.

EURO-CURRENCY INTEREST RATES

Table with columns: Term, Rate, etc. Rows include 141-181, 141-161, etc.

INTERNATIONAL MONEY MARKET

Belgian interest rates rise

Interest rates continued to rise yesterday in Belgium, as the authorities strove to relieve some of the pressure on the franc within the EMS. Following Wednesday's Bank Rate rise, the Central Bank yesterday increased the rates on short-term Treasury certificates by 1 per cent. One-month paper now stands at 9.25 per cent, two-month at 9.5 per cent and three-month bills at 9.75 per cent. Treasury certificate short-term rates were last increased on June 5 by 1 per cent. Deposit rates for the Belgian franc (commercial) were higher yesterday, reflecting Wednesday's increase in the Bank Rate to 9 per cent. One-month deposits rose to 9.91 per cent from 8.81 per cent with three-month deposits at 9.91 per cent against 8.91 per cent.

UK MONEY MARKET

Confused trading

The help comprised extremely large purchases of Treasury bills, of which a moderate amount were bought indirectly, and a moderate amount of these are for resale at a fixed future date. The authorities also bought a small amount of local authority bills, some of which for resale at one fixed future time. This was in addition to large purchases of eligible bank bills all of which are on a purchase and resale basis at a fixed future date. Apart from the settlement of gilt sales, the market was also faced with the unwinding of a sale and repurchase agreement of a small amount of bills (mainly Treasury bills) and banks brought forward balances

LONDON MONEY RATES

Table with columns: Term, Rate, etc. Rows include Overnight, 3 days notice, 7 days notice, etc.

GOLD

Quiet trading

Gold rose \$2 to close at \$276.379 in very quiet trading. It opened at \$276.379, fixed at \$278.00 in the morning, and \$279.00 in the afternoon. The Kruggerand's premium over its gold price was lower for domestic delivery than to the

MONEY RATES

Table with columns: Location, Rate, etc. Rows include New York, Germany, France, Japan.

All of these Bonds having been sold, this announcement appears as a matter of record only.

ITT Antilles N.V.

(Incorporated in the Netherlands Antilles)

U.S. \$75,000,000 9 1/2% Guaranteed Bonds due 1989

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Deutsche Bank Aktiengesellschaft
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Societe Generale
S. G. Warburg & Co. Ltd.
Westdeutsche Landesbank Girozentrale
Wood Gundy Limited

Nationale-Nederlanden

International Insurance Group

Good results and continued growth in 1978

The Group's 1978 Results and Dividend

- Net profit increased by 21% to DFIs 248.3 million
Net profit per share rose to DFIs 18.09 (1977: DFIs 16.35*)
Dividend per share increased 16% to DFIs 5.50 (1977: DFIs 4.75*)

Notwithstanding the increased value of the Dutch guilder revenue rose 9%. International business accounted for 36% of total revenue. Improved results from non-life business contributed to healthy profit growth. Funds available for investment were at record level. Share issue and good investment performance boosted net assets by 26%.

Table with columns: Revenue, Profit, Assets, etc. Rows include Premium income: life, non-life, professional reinsurance, etc.

In the United Kingdom: The Orion Insurance Company Limited
The 1978 accounts show: Premium income £25 million; Investment income £5 million; Profit before tax £4 million.

The Life Association of Scotland Limited reports: Premium revenue in 1978 increased by over 37% and investment income by about 25%.

For more information on our 1978 results write for our Annual Report in English to The Secretary, The Orion Insurance Company Ltd., 70-72 King William Street, London EC4N 7BT.

Companies and Markets

WORLD STOCK MARKETS

Indices

NEW YORK - DOW JONES. Table with columns for dates (June 13-15, 1979) and indices (Dow Jones, S&P 500, etc.)

STANDARD AND POORS. Table with columns for dates (June 13-15, 1979) and indices (S&P 500, etc.)

NYSE ALL COMMON. Table with columns for dates (June 13-15, 1979) and indices (NYSE All Common, etc.)

MONTREAL. Table with columns for dates (June 13-15, 1979) and indices (Montreal, etc.)

JOHANNESBURG. Table with columns for dates (June 13-15, 1979) and indices (Johannesburg, etc.)

WEDNESDAY'S ACTIVE STOCKS. Table with columns for stock names and prices.

OSLO. Table with columns for dates (June 14) and indices (Oslo, etc.)

JOHANNESBURG MINES. Table with columns for stock names and prices.

PARIS. Table with columns for dates (June 14) and indices (Paris, etc.)

BRUSSELS/LUXEMBOURG. Table with columns for dates (June 14) and indices (Brussels, etc.)

AMSTERDAM. Table with columns for dates (June 14) and indices (Amsterdam, etc.)

SWITZERLAND. Table with columns for dates (June 14) and indices (Switzerland, etc.)

VIENNA. Table with columns for dates (June 13) and indices (Vienna, etc.)

MILAN. Table with columns for dates (June 14) and indices (Milan, etc.)

VIENNA. Table with columns for dates (June 13) and indices (Vienna, etc.)

Wall St. reacts 3.2 in active early dealings. INVESTMENT DOLLAR PRIME... WEDNESDAY'S later reaction...

Active LTV climbed 11 to 3107... The AMERICAN S.E. Market Value Index retreated to 194.76...

Arabian Oil retreated Y250 to Y4500... However, a number of stock prices showed some recovery...

NEW YORK. Large table of stock prices for various companies like Abbott Labs, AM Int'l, etc.

CANADA. Table of stock prices for Canadian companies like Albita Paper, Alcan, etc.

Stocks on the First Market section displayed an earlier high in another thin trade yesterday...

GERMANY. Table of stock prices for German companies like AEG, Allianz, etc.

AMSTERDAM. Table of stock prices for Dutch companies like Abn-Amro, etc.

COPENHAGEN. Table of stock prices for Danish companies like Andelsbanken, etc.

MILAN. Table of stock prices for Italian companies like ANIC, etc.

VIENNA. Table of stock prices for Austrian companies like Creditanstalt, etc.

BASE LENDING RATES. Table listing interest rates for various banks and currencies.

EUROPEAN OPTIONS EXCHANGE. Table listing options contracts for various European markets.

BRASIL. Table of stock prices for Brazilian companies like Assaí, etc.

FINANCIAL TIMES SURVEY

Friday June 15 1979

Austrian Exports

Austria achieved a remarkable success in reducing the trade and current account deficit last year. In this survey, Paul Lendvai, our Vienna correspondent, assesses the importance of exports to the country's economy and looks at the dangers threatening external trade and the balance of payments.

Will the upswing endure?

MOST ECONOMIC commentators would agree with the statement in the annual report of the respected Austrian Institute for Economic Research that the most positive feature of Austria's economic performance last year was the reduction of the visible trade deficit from an all-time record level of Sch 77bn (£2.63bn) in 1977 to Sch 53.8bn (£1.90bn) and an even more significant cut of the current account deficit from Sch 49bn to Sch 22bn.

If allowance is made for the controversial item of "errors and omissions," the improvement was even more dramatic: a reduction of the deficit from Sch 29bn to Sch 6bn.

However, the main issue at the centre of attention now is whether this improvement will be durable or whether last year's figures reflect temporary factors. It appears that the package of monetary and fiscal squeeze measures, introduced in the autumn of 1977, as well as the general economic situation abroad and at home, provided the background to the better-than-expected performance of the external payments.

almost 5 per cent between 1969-69, 6 per cent between 1973-73 and over 3 per cent in 1973-77, the GNP recorded only a 1.5 per cent rise last year. In fact, real domestic demand even dropped by 2 per cent. Except for the year of recession in 1975 and the one of currency stabilisation in 1952, last year produced the lowest growth rate since the 1939-45 World War.

This slackening of demand was, of course, reflected in the trade statistics. While exports in real terms jumped by 8.9 per cent imports were down by 1.5 per cent. These favourable developments were also influenced by such exceptional factors as the 45 per cent fall in the imports of passenger cars, due to the introduction of much higher VAT on so-called luxury goods and the 8.4 per cent reduction of the Schilling-denominated import bill for petroleum products.

The latter was the consequence of the continued appreciation of the Austrian Schilling vis-à-vis the U.S. dollar and of the temporary glut on the world oil markets.

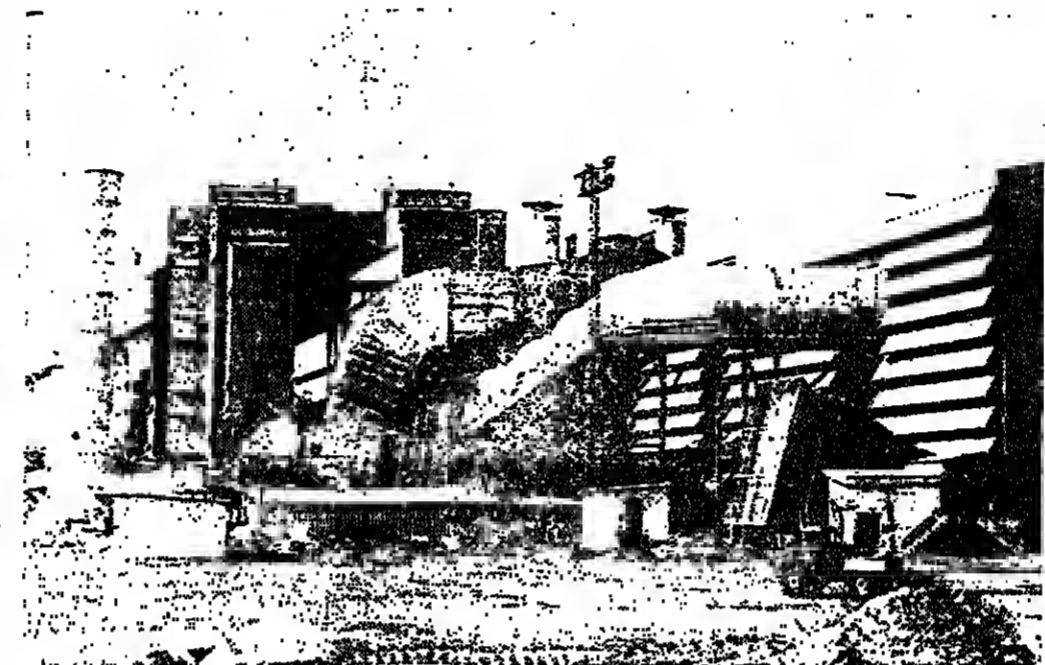
Predictions

Developments during the first months of 1979 both in Austria and in the world economy appear to confirm the predictions that both the trade and the current account deficit will rise again this year. The forecast of the Institute for Economic Research, prepared at the end of March, predicted a rise of the visible trade deficit to Sch 60bn and a shortfall on current account by Sch 5bn to Sch 27bn.

It remains to be seen whether these estimates are not perhaps slightly too optimistic. Austria's policy mix of achieving both a reduction of inflation from 7.3 per cent in 1976 and 5.5 per cent in 1977 to 3.6 per cent in 1978 and to a similar rate this year — at the same time maintaining almost full employment (unemployment rate rose only from 1.7 per cent to 2.1 per cent in 1977-78), has often been praised by foreign observers. But the policy has also cost a high price in the form of steadily rising public and external deficits. It is evident already that the economy will grow this year by three, possibly even 3.5 per cent. In January-February this year industrial output was running at levels 5 per cent over those recorded in the same period last year, although the research institute's forecast is a growth of 4 per cent for 1979.

One of the key factors affecting the exports performance is the competitiveness of Austrian products. This is the reason for the heated controversies concerning the development of unit costs. The research institute concluded that last year unit costs in industry rose by only 3 per cent; well below the growth rate of the main foreign trading partners and in striking contrast to a 6.1 per cent rise in 1977 and to a jump of 16 per cent in 1975.

This favourable tendency is likely to persist this year with a relative cost advantage of 3 to 4 per cent compared to the average performance of manufacturing unit costs in the main competing countries. However, it would be mis-



This iron-ore pelleting plant, claimed to be the world's biggest, was set up in Puerto Ordaz, Venezuela, by the Austrian concern Voest-Alpine as general contractor. The plant has been in operation since the end of last year.

leading if one took only the most recent years into consideration. Officials of the Federal Chamber of Economy and spokesmen of the industry like to point out that in international comparisons unit labour costs must be measured in U.S. dollars rather than in schillings to produce a realistic picture. On this basis, between 1970-78 Austria was ahead of all countries except Switzerland. The difference in the basis is extremely important if one recalls that between 1970-79, for

example, Austria's annual growth in unit labour costs expressed in local currency is reckoned to have reached 6.9 per cent as against 8.4 per cent for the OECD as a whole. Yet measured in a common currency the figure for Austria becomes 14.9 per cent as against only 18 per cent for the OECD. Another bone of contention has been the exchange rate policy of the socialist government which has de facto linked the Schilling to the D-mark. The trade-weighted average

of the schilling exchange rate vis-à-vis 22 major trading partners appreciated by just over one-third between December 1972 and the end of 1978. So the success of Austrian exporters in maintaining and even gaining foreign market shares despite an appreciating currency, must be seen against the background of a steady decline in relative export unit values and of rising relative unit costs.

plain of a profit squeeze and a falling cash flow in the exporting sectors. The controversies about the squeeze on profit margins in particular and the economic policy in general reached a crescendo before the general elections, fuelled partly by the various studies ordered and financed by the Ministry of Finance.

Not surprisingly, the opposition parties and business spokesmen were sharply critical of the Socialist Government's economic policies, while Dr. Kreisky and his Ministers energetically defended their record, pointing to the sustained growth, low inflation and high employment figures during 1970-78. With the Socialists scoring their fourth consecutive electoral victory and their third with an absolute majority on May 6, the debate about the future course of economic policy has become more businesslike.

It is difficult to quarrel with the Chamber of Economy's assessment that the single most important export promotion task of the state is to strengthen the Austrian companies' competitive ability vis-à-vis their foreign rivals. This cannot be done by way of higher duties or the so-called non-tariff barriers but simply by a sensible taxation, wage, budgetary and monetary policy. The point, of course, is that the views differ as to just what could and should be done.

A small land-locked country of about 7.5m people, Austria is naturally heavily dependent

on the economic climate in Europe (absorbing 84 per cent of the aggregate exports), with the Common Market accounting for 52.2 per cent. A key role is played, perhaps more than ever, by West Germany which supplies 45.3 per cent of the imports and is a market for 29.1 per cent of Austria's exports.

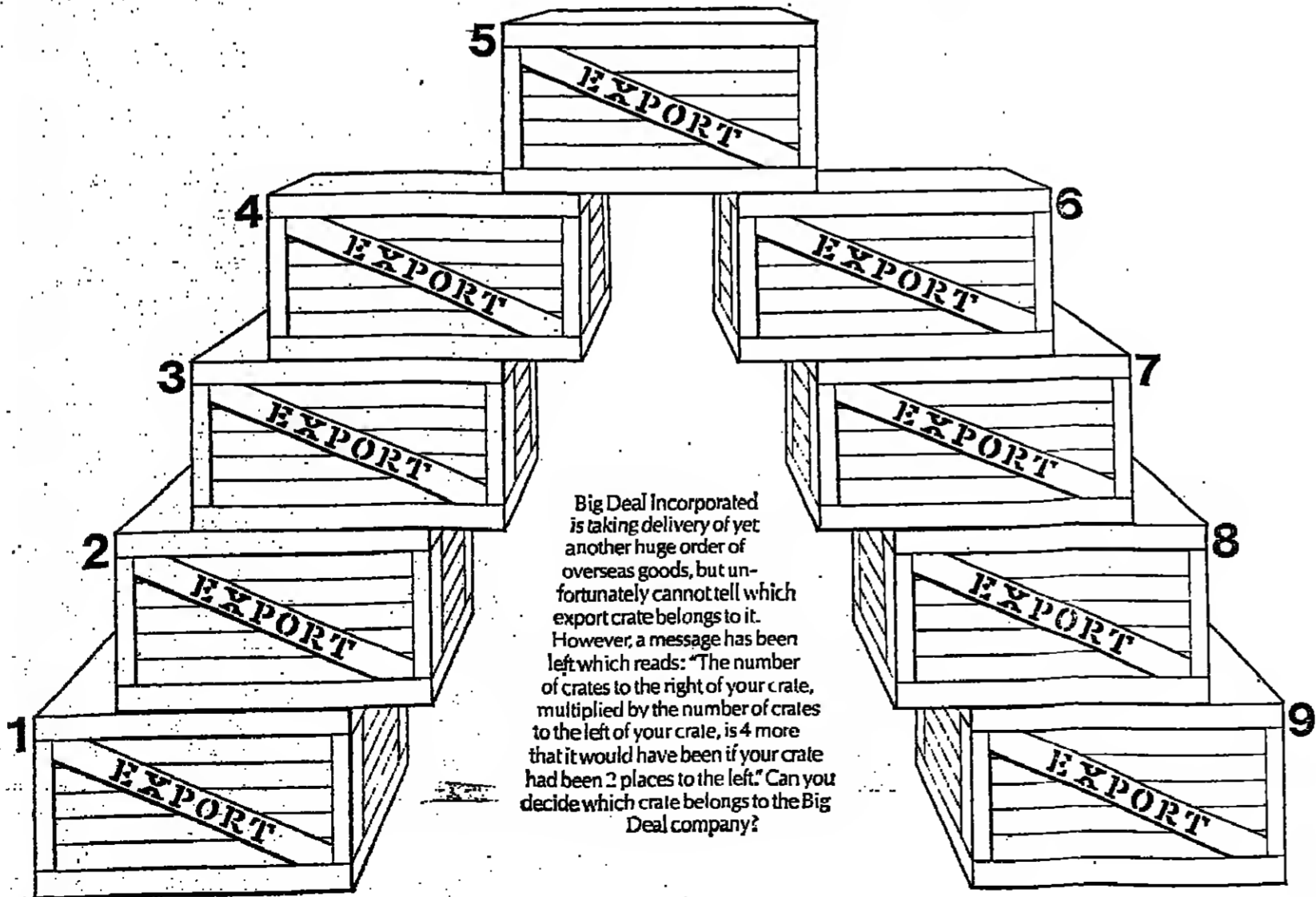
Three out of four tourists are also Germans. So the gains in market shares in the European Community are regarded as a proof that Austrian exporters are capable of adapting themselves to the changed market conditions. However, to recapture the same position enjoyed in those countries before the establishment of the Common Market in 1959 exports should be increased by yet another 33 per cent above last year's level.

Yet for all the success story of Austrian exports, it must be remembered that the per head exports of goods are still well below the comparable figures for other small industrialised countries such as Belgium, the Netherlands, Sweden, Norway or Switzerland.

In a recent study on the balance of payments situation with particular stress on the structural problems of industry and trade, the economist Prof. Günther Tichy pointed out the inherent disadvantages of small states such as the lack of "spin off" of military and prestige-oriented research, the small size of the domestic market, the high risks and costs involved in export efforts and

CONTINUED ON NEXT PAGE

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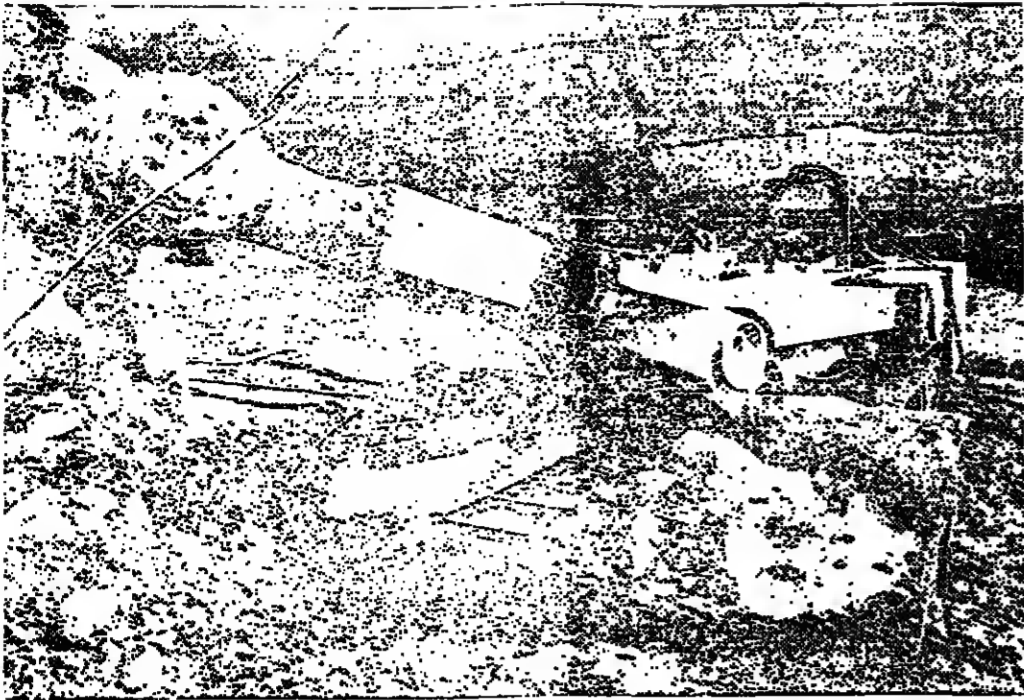


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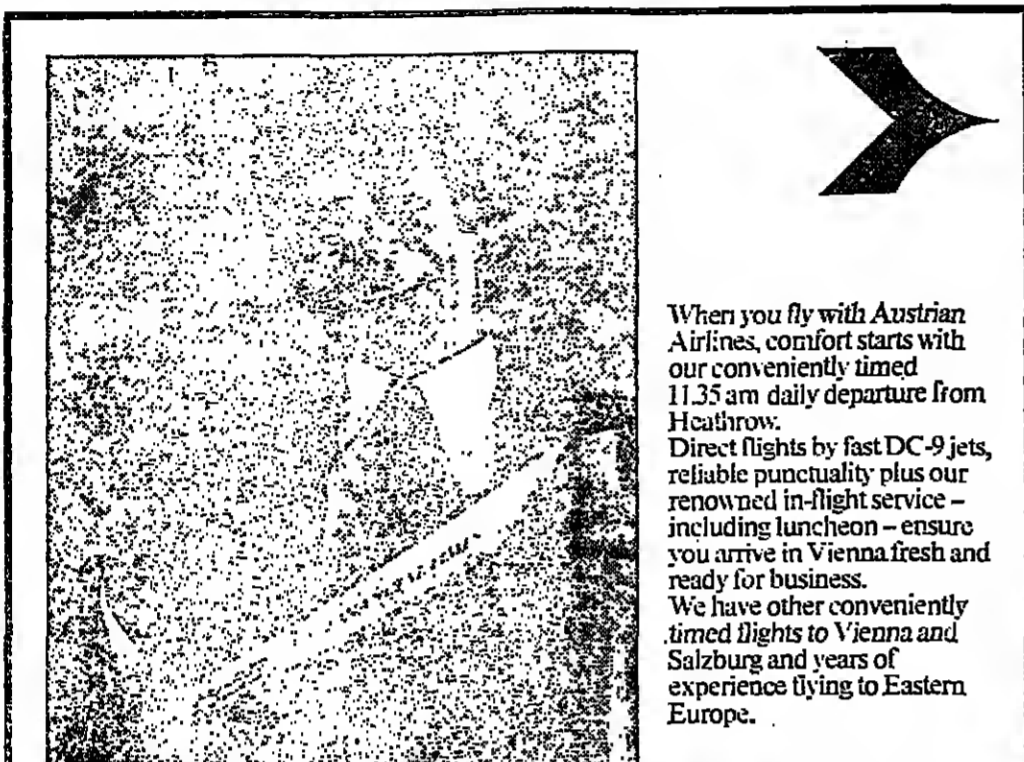
AUSTRIAN EXPORTS II



← LEFT
The prototype of the newest and biggest gallery traction engine from the Zellweg plant of Voest-Alpine concern, the AM 100, has started working in a coalmine in the Ruhr region of Germany.



RIGHT →
A movie camera that can be used under water without fitting a waterproof casing is now being manufactured by Eumig and joins Austria's growing list of high-technology exports. On the Eumig Nautica all shots are automatically sharp from a distance of one metre and the automatic exposure control sets the diaphragm for the correct exposure.



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Skilled trade officials staff unique system

IF AN Austrian businessman goes abroad to set up a new venture or conclude a deal, he invariably consults the local Austrian trade representative before making any final decision. If a Government delegation arrives, the Minister's negotiations on economic matters are inconceivable without the presence of the trade official.

But in contrast to the methods of most other countries, Austria's trade representatives abroad are not diplomats but highly trained trade specialists. They work for the unique system of export organisation run and financed by the Federal Chamber of Economy. Their reputation and credibility is such that neither a small exporter of embroidery to Nigeria, nor a large nationalised concern engaged in talks about erecting complete plants in Latin America, can afford to ignore the treasure house of experience and accumulated knowledge these multilingual specialists (mostly in the 35-50 age bracket) represent.

Under the able leadership of Dr. Friedrich Giessoer, one of Austria's top economists and trade experts - who is equally at home at an international conference dealing with dumping problems as at a meeting with Austrian businessmen from a small provincial town - about 150 highly qualified specialists, staffing 83 offices all over the world, represent the trade interests of this small landlocked and politically neutral country. Only under special conditions such as those in Eastern Europe or in certain developing countries do these trade representatives have diplomatic status, but even there they operate under the direct supervision of the Federal Chamber of Economy.

Austria has neither multinational concerns nor many important subsidiaries abroad. It is the network of the 83 offices (33 in Europe, 17 in North and South America, 14 in Africa, 19 in Asia and one in Australia) which serves some 4,000 Austrian exporters, who can contact directly both the trade representatives abroad or the area desk officials in Vienna.

They fulfil a variety of indispensable functions for small and medium-sized firms, from alerting them to sales opportunities to finding agents for them to give advice about how to secure export credit guarantees. What is particularly important is the long period these specialists spend in their areas. While diplomats usually stay two or three years in a country, Austrian trade representatives usually spend up to eight to 10 years in one place, thus providing Austrian exporters with an intimate knowledge of the business structure and easy access to the decision-makers. The more backward or more dictatorial the country is, the more indispensable the trade delegates become for a businessman

coming from distant Austria. Without red tape and diplomatic protocol, the trade delegates act as representatives of the economy and as highly qualified service outfits for businessmen. They can of course rely on the assistance of the Ministry of Trade when trade agreements are negotiated with the countries where they are on duty.

Range

This year, for example, four economic missions to India, Chile-Ecuador-Colombia, the Far East, including South Korea, and Saudi Arabia and Yemen will be organised. To such missions must be added 16 round table meetings with interested or potential buyers in other foreign countries.

From fashion shows to trade seminars and language courses, the Chamber of Economy offers a wide range of services. Between 1946 and 1978, for example, some 68,000 Austrian companies have participated at 1,120 fairs and 400 exhibitions and other ventures organised by the Chamber.

This year alone the foreign promotion programme of the Chamber provides for 100 exhibitions, participations in fairs, Austria weeks and information ventures, with one-third taking place in Austria. Goods are offered for sale in Europe and elsewhere - and last but not least at making new companies interested in exports. Documentary films, language and management courses, training of export specialists and close contacts with universities also belong to the large-scale and permanent programmes mounted by the Chamber and its affiliated bodies such as the Institute for the Promotion of Economy. The organisation of

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the existence of few really large companies.

But in the case of Austria there are other partly inherited, partly self-made disadvantages. In addition to a lopsided industrial structure, caused by the break-up of the Austro-Hungarian monarchy and the thrust of industrialisation under German occupation during the war (steel sheets, aluminium, pulp, fertilisers), the 1960s contributed to a deterioration rather than to an improvement of this basically antiquated and uncompetitive structure.

Polemics

Going beyond the usual politically-motivated polemics between the various lobbies, Prof. Tichy stated that Austria has one of the highest investment ratios in the world (27 to 28 per cent of the gross GNP between 1973-77 as against about 22 per cent in Germany). But, he said, the share of industry had reached only a medium level and the return on capital in 1973 was 20 to 25 per cent lower and output per head in 1974 18 per cent below the comparative figures for West Germany.

While social partnership—the tested co-operation between the two sides of industry, farmers and the government—provides the basis for labour peace and sustained growth, it also acts as a barrier to the overdue redeployment of labour and capacities. Austria is still one of the world's laggards in spending on research and development, which accounts for only 0.6 per cent of the GNP.

In the final part of his thoughtful and outspoken study Prof. Tichy suggests a whole catalogue of measures to help

stores 23,000 product headings supplied by 5,000 Austrian exporters and 2,300 importers from Austria.

This year, the Chamber has further expanded its activities aimed at helping small and medium-sized companies in the increasingly sharp competition in foreign markets. Thus the Chamber now provides up to 50 per cent of the costs for a market research study provided certain conditions are met. The Chamber itself, or more precisely its specialists including trade delegates transferred home after a tour of duty abroad, will increase the number of market reports provided to companies.

If at least five companies combine forces and dispatch a salesman abroad, the Chamber can pay up to 50 per cent of the travel expenses. The foreign language publication serving export promotions can receive per company and per annum a subsidy equal to £2,000. Other measures involve help for covering the costs of interpreters and copying machines as well as the dispatch of technicians and engineers to fairs, provided these do not take place in neighbouring countries.

In general the activities of the Chamber are directed at improving the quality as well as the competitiveness of products but also the way in which "Made in Austria" goods are offered for sale in Europe and elsewhere - and last but not least at making new companies interested in exports. Documentary films, language and management courses, training of export specialists and close contacts with universities also belong to the large-scale and permanent programmes mounted by the Chamber and its affiliated bodies such as the Institute for the Promotion of Economy. The organisation of

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Upswing

CONTINUED FROM PREVIOUS PAGE

exports. They include: product-orientated and more differentiated promotion; compensation on the one hand and the unincorporated into a new strategy paper just presented by Dr. Arthur Mussil, Secretary-General of the Federal Chamber of Economy. In addition to the provision of risk capital, the paper put the emphasis on taxation and other measures needed to speed up technology transfer to promote specialisation; to eliminate fiscal discrimination of income from inventions and patents; to increase funds for research and development in industry; to apply in practice the results of research and development; and to intensify contacts between business on the one hand and the universities, research institutes and laboratories on the other.

Such initiatives as well as new bodies founded by Girozentrale and the Zentralbankstelle to promote exports by small and medium-sized companies, are all part and parcel of a new economic strategy needed if Austria wants to retain its proud place in the front ranks of the European growth and stability league, an a par with Germany and Switzerland.

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¹⁾ Converted at Ash 13,3675 per US \$
²⁾ Figures before auditing
³⁾ Fall in net profits due to corporate tax increase of 100% in 1978 for savings banks.

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AUSTRIAN EXPORTS III

Clouds over East European trade

NO OTHER West European country is as closely involved in trade with the Communist East as Austria. The massive involvement is due to a combination of factors such as geography and history, intimate knowledge of the area and the mentality of the people and elites living there.

For centuries Austria was the heart of the Habsburg empire dominating the economy of the countries in the Danubian Basin. Even after the break-up of the Austro-Hungarian monarchy, half a century ago, the three direct neighbours—Czechoslovakia, Hungary and Yugoslavia—accounted for well over half of the country's aggregate foreign trade.

After the difficult years of Stalinism, isolation and Cold War separating Eastern Europe from its natural trading partners, the relaxation of tensions, East-West Detente and the economic upswing in Austria itself have revived interest on both sides in re-forging old commercial links. Of course, the closer co-operation lends a special importance to Vienna as a contact point for East-West trade.

Situated only about 50 miles from the Czechoslovak and Hungarian borders, the Austrian capital is a convenient launching pad for Western companies doing trade with the East. Thus it is no wonder that between 350 and 400 important western firms concentrate primarily or partly on trade with Eastern Europe.

It is reckoned for example that one in four compensatory payments arrangements between East and West (excluding trade with the Soviet Union) are handled by Austrian intermediaries or have originated in Vienna. Over 50 foreign banks have branches or subsidiaries here. The Austrian banks play a key role in financing exports to the East. It is estimated that by the end of last year the indebtedness of Comecon states, including commercial credits, to Austria reached some Sch 45bn.

After a temporary setback due to the switch from bilateral

clearing to payments in convertible currencies, Austrian exports to Eastern Europe began to rise in the 1970s, with the eastern share increasing from 11.8 per cent in 1972 to 15.1 per cent in 1974 and reaching a peak of 17.1 per cent in 1975. However, since "Eastern Europe" in the Austrian trade statistics comprises Albania, Bulgaria, Czechoslovakia, East Germany, Hungary, Mongolia, Poland, Romania and the Soviet Union but not Yugoslavia, even this figure is deceptive. If one adds the Yugoslav stake of 4.5 per cent, the total East European stake in 1975 reached 21.6 per cent of the Austrian exports total.

Disappointment

But the second half of the decade has produced a deepening disappointment. Instead of the hoped for expansion, trade with the East is on what appears to be a downward slope. The share of the Comecon countries fell to 15.2 per cent in 1976, to 14.5 per cent in 1977 and to a new low of 13.7 per cent last year. Though the share of Yugoslavia has remained on the even keel at 3.5 per cent, the combined—total is Comecon-Yugoslav—trade is now in proportional terms about as large as the Comecon stake alone four years ago.

The figures during the first quarter of 1979 reflected a further deterioration. While Austrian exports on the average were up by 13 per cent on the same period a year ago, sales to Eastern Europe were actually down by 2 per cent. As imports from Comecon also fell by 8 per cent, the departmental chief at the Ministry of Trade in charge of foreign trade publicly called for quick remedial action. As a first step, he suggested the reintroduction of the autonomous tariff cuts which one and a half years ago were revoked as a prop to the balance of payments.

The suggestion was, however, quickly rejected by most commentators and also criticised by officials of the Chamber of Economy. The point is that the

tariffs were reimposed in the first place against low cost imports from the Far East in such domains as textiles, clothing and electronics.

It is pointed out, for example, that Austria produces some 4.4m shirts per annum and imports between 5.5m and 6m. Thus last year South Korea alone sold 1.04m synthetic shirts in Austria, 951,000 came from Hong Kong, 487,000 from Yugoslavia and 245,000 from Romania. Another alarming example is the tight sector. The number of Austrian producers was halved between 1972 and 1978 and domestic output dropped from 84m to 67m pairs. During the same period, imports jumped from 9.8m to 50m pairs.

Another even more important consideration is the simple fact that the east European countries therefore buy less from Austria and from the West in general because they are in the midst of a structural economic crisis, sharpened by the fuel price squeeze. Dr Friedrich Gleitsner, the chief of the foreign trade and commercial policy department at the Federal Chamber of Economy has time and again publicly come out against any kind of protectionist practices. But trade policy must be based on the strict application of the principles of reciprocity. As the entire economy and the foreign trade organisation of the Communist countries is completely different from that of Austria it is extremely difficult to realise the principle of mutual advantages in practice.

Gesture

In any case, the Austrians are firmly against the idea of any kind of free trading zone with the east as a dangerous political risk which in the case of Finland for example did not yield any tangible advantages for the Finns. In view of the strict rules and tariff-free intra-bloc trade within Comecon it is almost ridiculous to talk about discrimination applied against Eastern exporters trying to sell in Austria. Nevertheless a recent agreement with Hungary

about reduction of certain tariffs, which of course have to be extended to all GATT member states, is seen as a good-will gesture made by the Austrian side.

East European demands for preferential treatment of goods produced under various co-production agreements are also regarded by Austrian experts as unacceptable. First, the term "co-operation" for "joint venture" is extremely vague and second, Austrian producers not engaged in such deals cannot be "punished" by being placed at a competitive disadvantage vis-a-vis others who work together with Eastern firms.

In any case, Austria already in January 1975 introduced full liberalisation, eliminating all quantitative restrictions. For about 30 tariff headings, automatic import licence is granted only after the invoice is stamped by the trade or agricultural ministry. This protective measure is defended by the Austrians as a kind of "early warning system" applied in trade with Eastern Europe, Far Eastern and developing countries, which are not members of GATT.

In sum, the Austrian side blames the lack of demand, not high tariffs for the fall in East European exports to Austria. Trade experts at the Vienna-based Institute of Economic Comparisons expressed the view that even the granting of new tariff concessions could not give a real fillip to exports to the East.

In the next few years little scope is seen for an increase of sales in Comecon countries. Poland, the Soviet Union and Hungary are the main Eastern trading partners after Yugoslavia and they are followed by Czechoslovakia, Romania and East Germany. With little progress achieved since the European security conference in getting easier access to the end-users, enjoying better working conditions for businessmen and receiving more complete information and statistics from the local authorities, Austrians are sceptical concerning short- and medium-term growth prospects for trade with Eastern Europe.

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Nuclear power decision brings consequences

THE NUCLEAR referendum held on November 5 last year about the commissioning of Austria's first nuclear power plant at Zwentendorf in Lower Austria has changed the entire energy picture—with far-reaching consequences on the country's future supplies and also on its balance of payments position. By a narrow majority the voters rejected nuclear power and Parliament subsequently adopted a law under which the plant cannot go into operation.

It was also announced by all parties before the recent general elections that a decision taken at a referendum should only be revoked or changed by another referendum. This means in practical terms that for the foreseeable future Austria is bound to remain without nuclear power.

The 400 MW nuclear power plant was erected at a cost of some £280m equivalent by the Verbund Gesellschaft, the State electricity concern, and provincial utility companies. It is now planned to take the final decision in September about building a power plant based on hard coal rather than on oil and gas as originally planned. The plant will go on stream in two to three years and negotiations are already in progress with Polish and West German concerns concerning the delivery of 700,000 tonnes of coal per annum. A conversion of the Zwentendorf nuclear plant into a conventional power station would take six to seven years and cost some £13m.

The immediate effects of the "No" to nuclear power will soon be felt. It is now taken for granted that from January 1980 on electricity rates will be raised by more than the average 4 per cent of the last 10 years. After all, the companies concerned will have to absorb the enormous losses caused by the scrapping of the Zwentendorf plant.

Worse

The situation is, if anything, even worse by the lack of conspicuous energy savings. Co-op the contrary energy credit last year was up The Cent on 1977. During Duncar the growth rate Eastil as high as 5.8 per First 3. First 3 the demand for Antons products slacken. In Greyhoo months of 1979 Giodl: of premium grade Guinn

petrol was up by 5.4 per cent, diesel oil by 12.1 per cent and heating oil by 17.5 per cent on the corresponding period the year before. The prospects are for greater dependence on imports, especially from Eastern Europe.

At any rate, there can be no question of Austria following the recommendations of the International Energy Agency for a 5 per cent cut in oil consumption. As a matter of fact consumption on the whole was up by 9 per cent in the first quarter. Last year Austria consumed 11.5m tonnes of crude with domestic output totalling only 1.8m tonnes.

Last year the overall rise in energy demand by 5.7 per cent also involved a jump of 9.4 per cent in consumption of petroleum products. In view of the stagnation of domestic output, the increased demand had to be met through larger imports. Energy imports last year cost Austria about £900m.

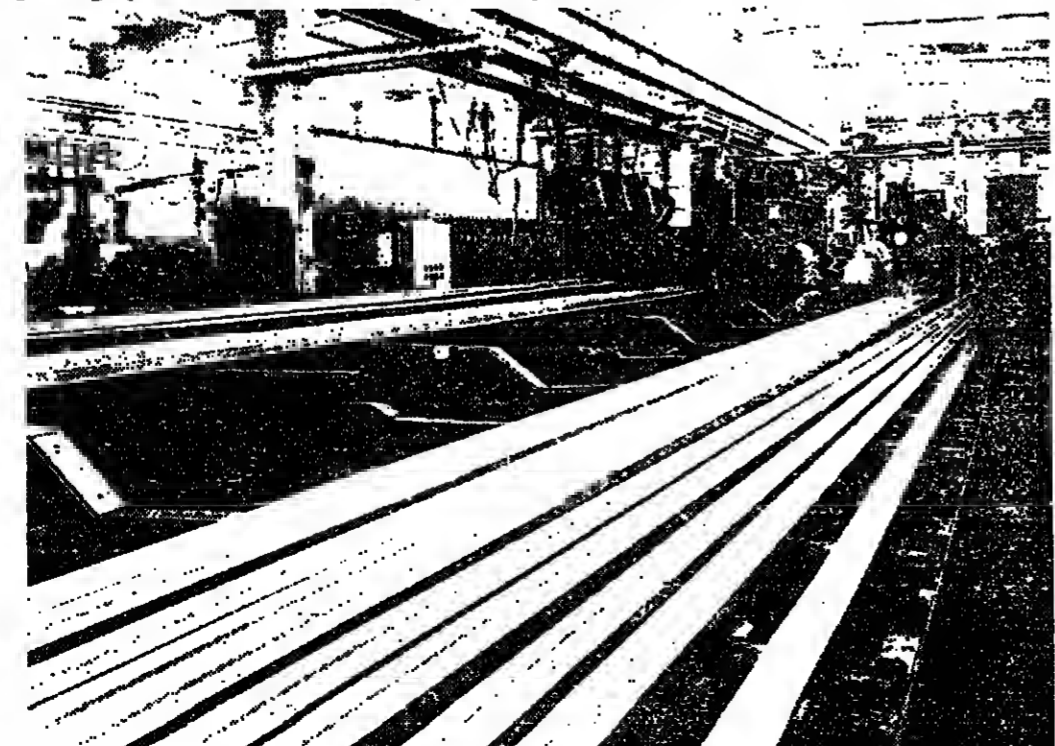
The price of imported crude, however, was 8.4 per cent below 1977. This was due to the appreciation of the Austrian schilling against the dollar and

to the temporary glut on the world oil markets.

But economic experts caution that the situation since then has changed dramatically and that the petrol bill will once again contribute to a deterioration of Austria's trade and payments balance. About 30 per cent of the imported oil last year came from Iran. In general, the country's dependence on imported solid and liquid fuels is steadily increasing and thus also its vulnerability to political upheavals abroad.

The East European States accounted last year for 44.8 per cent of Austria's total per cent of Austria's total specific fuels, imported coal accounts for 79 per cent, for power 33.5 per cent, crude oil 24.8 per cent and natural gas virtually 100 per cent.

It is estimated that Austria's energy consumption will rise by 60 per cent between now and the year 2000 on the assumption of an annual average economic growth rate of 2.5 per cent. Though the demand vakra had suddenly to cut its a somewhat slower pace than in the past the dependence on im-



The problems of shortage of power as supply struggles to meet demand are likely to be widespread, particularly in industry. Above: production at the Raishofen aluminium works

PLANNING - EXPANSION - GROWTH

1978 - Another Successful Year
26 new Branch Offices - 200 new Jobs - Steady Expansion
Rationalised Planning to Ensure Vigorous Growth
Increases in Balance Sheet Total by 17.2%

Transfer in Current Accounts	AS 2,501 billion	+ 8.4%
New Accounts and Deposits	AS 230	+ 15.1%
Savings Deposits	AS 20,474 million	+ 17.1%
Cash Loans and Discount Credits	AS 4,271 million	+ 15.6%
Balance Sheet Total	AS 86,292 million	+ 17.2%
Total Liquidity		54.2%

OSTERREICHISCHE
LANDESBANK

Vienna Austria

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AUSTRIAN EXPORTS IV

General Motors project a success for Kreisky

POLITICAL STABILITY. Labour peace and the availability of skilled labour were listed as factors by Mr. Alexander Cunningham, vice-president of the General Motors Corporation, when he formally announced that his company had decided to build a large engine plant at Aspern near Vienna. These were the reasons, he said, why General Motors was attracted to Austria.

In fact, details of the project were already front page news a few days earlier when Mr. E. M. Estes, General Motors President, paid a lightning trip to the Carinthian resort, Poertschach, where the ruling Socialist Party was holding its post-election caucus meeting. It was there that the chief executive of the world's largest car manufacturer told Chancellor Kreisky and representatives of the unions and the business community of the company's decision.

Though some Austrian newspapers expressed disappointment that Austria had failed to capture a larger slice of the market in connection with the company's expansion plans in Europe, there is no doubt that the \$150m project, providing 1,500 jobs, is a major personal and political success for Chancellor Bruno Kreisky, who personally led the high-powered

campaign to attract some of the large international car companies to Austria.

It all started with the short-lived plan of launching the so-called "Austro-Porsche," a car to be made in Austria under Porsche licence. Most of the projected output would have been sold abroad.

However, both Volkswagen and the Porsche family raised serious difficulties. Volkswagen declined to put its world-wide service and sales network at the disposal of the Austrian venture, while Porsche was less than keen to allow the use of the Porsche brand name.

Then followed the sit-out drive to beat France and Spain in the great race for the planned \$1bn car investment project announced by Ford. Here again Chancellor Kreisky himself negotiated with senior Ford executives and corresponded with Mr. Henry Ford, thus prodding President Giscard d'Estaing of France into action too. The French President threw his own personal weight behind the bid to bring the plant to France and had a personal meeting with Mr. Ford in the spring.

In the end Ford scrapped its ambitious plans, although in the meantime Austria had offered investment grants totalling in one form or another almost

\$150m, in addition to providing a site free of charge. Such financial assistance and site development projects have all along played an important role in the successful campaign of WIBAG, the industrial siting corporation, to attract new industries to the capital and the surrounding area.

Incentives

The project—particularly in view of the large-scale financial incentives offered by the Government and the municipality—was not without its critics. Some commentators suggested that the Socialists were trying to make political capital out of the idea on the eve of the May general elections. However, it has been known all along that General Motors also has been showing interest in Austria.

Eventually, the elections were won by the Socialists, so politics can not be really suspected as the main motive behind the bid to attract foreign investment. In fact the shopping for joint ventures is motivated by the need to dampen the strains on the balance of payments.

This is the reason why the Austrian side has offered to provide one-third of the investment outlays. The federal state will put up two-thirds of the \$50m investment grant with the munici-

ality of Vienna providing the rest of the grant.

Nothing could illustrate the contradictory trends better than the fact that while some papers criticise the spending of \$30,000 on creating each new job, provincial newspapers complain bitterly that Vienna-Aspern and not the sites offered in Styria or Carinthia have been chosen. Such projects as a brake-lining plant or a press plant have been cancelled or moved to Spain, with Spain's cheaper labour force tipping the balance.

Even so, the engine plant in Vienna will manufacture 300,000 engines a year, contributing the equivalent of \$100m to the strengthening of the country's balance of payments. Further, General Motors is said to have promised to spend the entire investment grant within the country. It is reckoned that about half of the total value of the engines will be provided by Austria. Further, General Motors already covers almost half of its sales in Austria through purchases from Austrian sub-contractors.

It is this factor that has also played an important role behind the Austrian drive for joint ventures. Through contracts with so many different manufacturers, ranging from the Japanese Mitsubishi of Japan



While Austria has been busy attracting foreign car companies the Austrian concern Steyr-Daimler-Puch has produced a new cross-country car, the Puch G. In co-operation with Mercedes-Benz of Germany. Extremely manoeuvrable, it can be supplied in 40 different versions

to Ford and General Motors, the Austrians have induced the major car exporters to the country to buy more from Austria.

After all, Austria is an important market with new car registrations expected to exceed 200,000 this year. Though the number of cars passed the 2m mark for a population of just over 7.5m, there is still scope for expansion in sales.

It is still possible that General Motors will decide within a couple of years or so to set up an assembly plant in the Aspern area. The location provides fully developed infrastructure and is close to a canal leading to the Danube, which could be particularly helpful when the Rhine-Main-Danube canal is completed. The proximity to Eastern Europe and the excellent record in labour relations (there has been no major industrial strike for the past 15 years) are powerful arguments in Austria's favour.

Another important consideration from the Austrian point of view is, of course, the provision of jobs. It is estimated that in the next few years about 30,000, and up to the mid-1980s 20,000 additional new jobs, will have to be created. Yet industry has lost during the past few years about 8 per cent of its labour force and its capital

spending both in absolute and relative terms, compared with overall investments, has been declining.

Specialisation and improvement of the production structure are needed and it is hoped that other major joint ventures in the motor industry will be helpful in this respect. Only ten days after the announcement about the General Motors project Steyr-Daimler-Puch, Austria's leading motor concern, and the German BMW motor company will give the signal for the construction of a diesel engine plant near the town of Steyr in Upper Austria. The Steyr group also

collaborates with the German car maker Mercedes-Benz to produce a cross-country vehicle at a new plant at Graz in Styria.

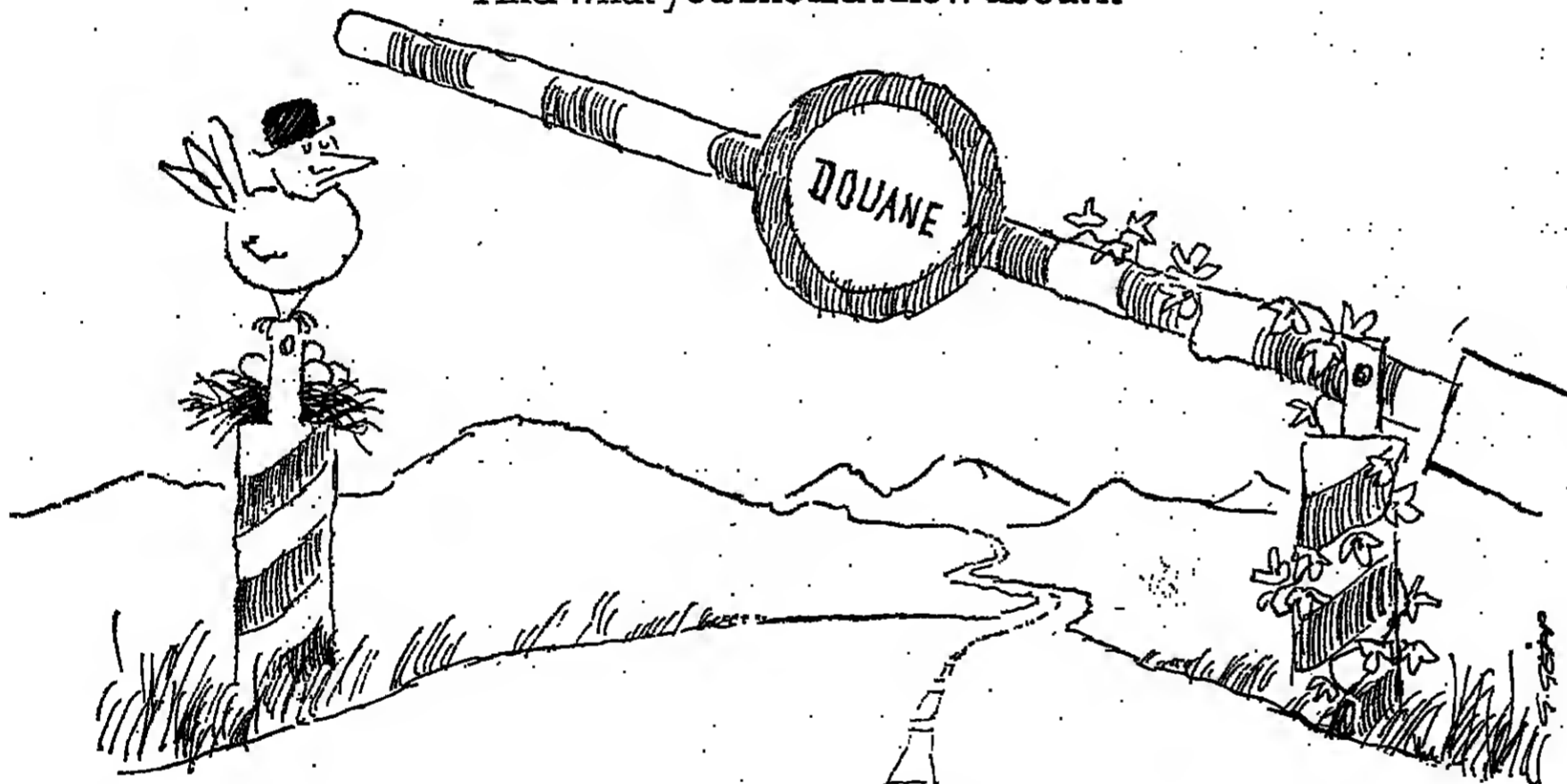
While these projects are generally regarded as important steps forward, the Renault venture at Gleisdorf in Styria is seen as a costly exercise in spending £1.5m to subsidise jobs in a foundry for 40 people. But here too local considerations play a significant part.

According to one recent study, Austria has caught up with the average OECD performance in terms of per head exports of chemicals, machinery and transport equipment as well as manufactured goods. While in 1960 the Austrian figure amounted to only 60 per cent of the OECD average (excluding the U.S. and Japan), the proportion rose to 95 per cent by 1976.

There is no doubt that the transfer of modern manufacturing and management methods to a country so deeply steeped in parochial traditions, can only speed the process.

Investing and Financing in Austria

And what you should know about it



Investing and financing in Austria presents few problems for companies. We have a free market, a strong currency (as you may have noticed on your holidays), no strikes, a steady labour market and one of the lowest inflation rates in the world. In other words, the most important prerequisites for successful investment are waiting for you. What you make of these opportunities depends on you. And to a certain extent on your advisers.

Obviously, the more you know about the various possibilities, the more successful your decisions will be. Girozentrale Vienna and the Austrian Savings Banks offer you experience, know-how and understanding of the Austrian market. And of course we also provide facilities for financing, leasing, factoring and other banking services.



115 Pages about Austria. Our booklet "Investing and Financing in Austria" contains everything you need to know to do business in Austria. Information on company law, taxation, foreign exchange, business regulations, investment schemes, useful contacts for investors and much more. We can also provide you with any other services you may require—financial packages designed to meet your individual requirements, wealth indicators, information about specific sectors of industry. Even advice on where to locate your business premises. Or just the basic facilities for financing, leasing or factoring. As leading partner in Austria's largest banking group, we are in a position to satisfy all your needs.

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Exports shift to EEC

FOR MANY years the issue of European integration has been the subject of heated debates between advocates and opponents of close links between neutral Austria and the Common Market. Full membership in the European Community would have been incompatible with Austria's voluntary but permanent neutrality.

Under the terms of the free trade agreement, tariffs on manufactured goods in trade between Austria and the Common Market were between October, 1972 and July, 1977, reduced to nil.

Up to 1977, as noted by the last OECD report on the Austrian economy, "the mutual tariff reductions seem to have had a negative net effect on Austria's trade balance because the initial level of tariffs in Austria was higher and domestic producers presumably were slower in taking advantage of the removal of trade barriers than foreign competitors."

These figures lend added weight to the problems concerning the structure of Austrian exports. On the one hand, the country has achieved some stunning successes. Thus it is claimed that Austria caught up with Germany in the per head figures for the exports in a broader sense (ie, including services) by 1975. During 1968-1978 the share of machinery and transport equipment rose from 21.6 per cent to 29 per cent of the Austrian exports total.

However, the Institute for Economic Research pointed out in its annual report on the foreign trade performance that the share of technically advanced manufactured goods has remained still relatively low. So in 1977, for example, the proportion of half-finished goods and basic materials was still twice as high as the comparative figures for West Germany and Switzerland. At the same time the share of industrial machinery was, at 14 per cent, about seven points below the figures for those two countries.

The rise in unit labour costs and the domestic boom, engendered by rising incomes and the spending sprees of the socialist government, may of course have been much more important than the "slowness" in adaptation as mentioned by the OECD report. But regardless of the details of such assessments, the fact remains that "the positive integration effects coupled with the improvement of the supply structure, tipped the balance in favour of gaining, or rather regaining, market shares in the highly competitive Western markets."

Revision

In this respect 1978, clearly marked a turning point in Austria's exports to the Common Market were up by 15.6 per cent and the trend continued in January and February this year with growth rates of 17 and 18 per cent respectively. Particularly impressive was the almost 20 per cent jump in sales in West Germany which alone accounted for 29 per cent of the Austrian exports total.

A special problem is the farm sector, which has been excluded from the agreement with the EEC. The Austrian government seeks a revision of the 1972 arrangements regulating what is called in the free trade agreement "the harmonious development of agricultural trade exchanges."

Decline

During the 1970s the share of the EEC in Austrian exports has been on the decline, hitting a low point of 44.2 per cent in 1975. Last year the Common Market absorbed 52.6 per cent of the aggregate Austrian exports, about the same proportion as recorded in the mid-1960s, but still two percentage points below the level reached in 1960.

Though the deficit in the balance of trade with farm products last year was reduced from Sch 14bn to Sch 12.1bn, the spokesmen of the farmers' lobby complain about the barriers to the exports of cattle, cheese and wine and also accuse the government of allowing large quantities of imported wine into Austria.

More than half of the increased deliveries went to Germany, but sales to France, the Netherlands and Britain were also significantly up.

On the complaints about the "hard" Schilling, one must, of course, also note the fact that, after all, the "hard-currency bloc" of Germany, Switzerland and the Benelux countries accounts for two-thirds of Austrian imports and almost two-fifths of Austrian exports.

However, there is another side to the picture. In the first quarter of this year the visible trade deficit was again up by Sch 900m to Sch 14.7bn and the European Community accounted for 99 per cent of the adverse balance. The accelerated imports of cars, amounting to 25 per cent of the deficit in the first quarter, clearly were an important factor in the deterioration of the trade picture.

The socialist government rejects such complaints and points both to the high subsidies for the farmers and the foreign trade obligations as arguments that there can be no question of discriminating against the farmers. It remains to be seen whether a definitive agreement with the EEC could be reached in the next few months.

Evidently, Austria's trade with the OPEC countries remains a weak point. During the last three years Austria has lost market shares in the OPEC exports and last year the exports to that area suffered a 7.4 per cent setback compared to 1977. The adverse trend continued during the first quarter of this year with the trade deficit vis-a-vis the OPEC states rising to Sch 14bn.

Nevertheless, it is still thought likely that the Research Institute's forecast of an 8.5 per cent rise in exports in real terms will be achieved. The deeper reasons for the structural weakness and the lopsided geographical distribution of exports cannot be eliminated quickly. But the experience of the last year has shown that Austrian exporters are of exploiting sales ties and offer a wide range of products adapted to existing market conditions. If the unit labour costs are kept within bounds and if the monetary policy is not the structure of exports should show improvement this

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Companies and Markets

COMMODITIES AND AGRICULTURE

Brazil frost scare boosts coffee again

RENEWED FROST fears in Brazil coupled with the publication of a higher than expected official damage estimate following last month's frost coffee prices soaring again on the London futures market yesterday.

Senate move may clear way for stock releases

THE MAJOR obstacle holding up the proposed U.S. stockpile release of tin appears to have been removed. The U.S. Senate finally approved on Wednesday night a Bill laying down future stockpile policy.

U.S. still backs sugar pact

U.S. SUPPORT for the International Sugar Agreement remains undiminished and it will do all in its power to complete the process of ratification and participate fully, Mr. Mike Callinaert, U.S. delegate said in London yesterday.

Fuel crisis sows seeds for black market

THE ENERGY crisis has been plain in my thoughts lately, mainly because the Scottish river where I have been trying to catch a salmon has been empty both of water and fish so I have had time to worry.

I could possibly change it to electrical heating, but this would entail laying on a further transformer to carry the increasing load. This would undoubtedly double my present costs for the same results.

replace the plough are also to some extent based on energy use. Saving energy by substituting cultivation with chemicals could have far-reaching effects on the supplying industries.

UK butter 'mountain' increasing

By Our Commodities Staff BRITAIN'S MOUNTAIN of butter held in store under Common Market support arrangements is rising rapidly, and at the end of May stocks in public and private stores totalled 58,000 tonnes—enough to keep the country supplied for seven weeks.

U.S. silver output lower

WASHINGTON—U.S. mine production of silver in the first quarter of 1979 totalled 9,441,129 ounces compared with 9,841,129 ounces in the first quarter of 1978, the U.S. Bureau of Mines reported here yesterday.

Little hope for commodity pacts

AMPLE SUPPLIES of food to world markets during the next five to ten years will tend to keep down prices of grains and livestock products and increase competition among exporters.

BRITISH COMMODITY MARKETS

Table with multiple columns showing commodity prices for Tin, Copper, Zinc, Aluminium, Lead, Silver, and Nickel. Includes 'a.m.' and 'p.m.' prices and changes.

COFFEES

Table showing coffee prices for various grades (High Grade, Standard, etc.) with 'a.m.' and 'p.m.' prices and changes.

GRAINS

Table showing grain prices for Wheat, Barley, and Oats with 'a.m.' and 'p.m.' prices and changes.

PRICE CHANGES

Table showing price changes for various commodities including Metals, Oils, Grains, and Wool.

AMERICAN MARKETS

Table showing American market prices for commodities like Cocoa, Cotton, and various oils.

A Guide to Managed Commodity Accounts

Thinking about placing funds in commodities? What should you expect from a broker? Before committing yourself, or your money, try this short test:

* Will your liability be limited? * What commission and fees will you pay? * How easily can you withdraw your investment?

* Will your broker tell you how investment decisions are made? * Will you be kept informed on the state of your account?

CCST. Commodities Ltd. Walsingham House, 35 Seething Lane, London EC3N 4AH. Tel: 01-480 6841.

SILVER

Table showing silver prices for various grades with 'a.m.' and 'p.m.' prices and changes.

WHEAT

Table showing wheat prices for various grades with 'a.m.' and 'p.m.' prices and changes.

RUBBER

Table showing rubber prices for various grades with 'a.m.' and 'p.m.' prices and changes.

COCOA

Table showing cocoa prices for various grades with 'a.m.' and 'p.m.' prices and changes.

COFFEE

Table showing coffee prices for various grades with 'a.m.' and 'p.m.' prices and changes.

SOYABEAN MEAL

Table showing soyabean meal prices for various grades with 'a.m.' and 'p.m.' prices and changes.

WOOL FUTURES

Table showing wool futures prices for various grades with 'a.m.' and 'p.m.' prices and changes.

MEAT/VEGETABLES

Table showing meat and vegetable prices for various grades with 'a.m.' and 'p.m.' prices and changes.

Wednesday's closing prices

Table showing Wednesday's closing prices for various commodities.

EUROPEAN MARKETS

Table showing European market prices for commodities like Wheat, Barley, and Oats.

INDICES

Table showing various indices including Financial Times, Dow Jones, and Moody's.

NEWPORT BOROUGH COUNCIL, RE COUNTY COUNCIL, COUNTY COUNCIL, PERSONAL. ROTAL ASCOT - 283 wanted. 0347 2424.

GOLD SILVER PLATINUM. Basic Metal Co Ltd. Vineyard Walk, London EC1 01-278 6311. Telex: 27169.

LONDON STOCK EXCHANGE

Companies and Markets

Market downslide continues with emphasis on equities Index loses 14.7 to 474.2 and Gilts fall £1 1/2 more

Account Dealing Dates

Part of the pressure on equities came from some of the smaller institutions which, although highly bullish only a few weeks ago...

per cent 2001-04 lost 11 more in 901 with other falls ranging to 11. The shorts maintained a good volume of business...

thoughts about the annual results, however, left Rowlinson Construction 2 1/2 to the good at 38p. Elsewhere, Magna and Southern were notable for a fall of 15 to 17 1/2p...

marked against Vesper, 22 1/2p. WGI, 110p, and United Engineering, 117 1/2p. Brownrigg, 117 1/2p. Brownrigg, 117 1/2p. Brownrigg, 117 1/2p...

for a two-day fall of 25 to 115p. Still depressed by the reduced allowance for leased cars, Motors Distributors gave further ground...

in medium and lower-priced issues, good rallies were made by Kioof, 38 higher at 89 1/2p. Libanon, 21 better at 66 1/2p...

FINANCIAL TIMES STOCK INDICES table with columns for June 14, 13, 12, 11, 10, 9, 8, 7, 6, 5, 4, 3, 2, 1, and a year ago.

HIGHS AND LOWS table with columns for 1979, 1978, and 1977, and sub-sections for Govt. Secs., Fixed Int., Ind. Ord., Gold Mines, and RE-5 PM's.

LONDON TRADED OPTIONS table with columns for Option, Ex. r's, Closing price, Vol., and Equity close, categorized by month (July, Oct., Jan., April, August, November, February).

Stores continued to beat a hasty retreat on further persistent selling induced by fears that the steeper-than-expected rise in VAT...

Eng. China dull Secondary issues here the main hunt of the selling in miscellaneous industrials yesterday...

BP weaken afresh Oil shares encountered further selling before staging a modest rally to close a few pence above the worst...

NEW HIGHS AND LOWS FOR 1979 table listing various stock categories and their performance metrics.

RISES AND FALLS YESTERDAY table showing price changes for various stock categories like British Funds, Foreign Bonds, etc.

FARNELL Record year for Farnell Electronics Results for the year ended 31st January. Includes sales, profit, and asset value data.

OPTIONS table with columns for DEALING DATES, ACTIVE STOCKS, and RECENT ISSUES. Includes stock names and prices.

FT-ACTUARIES SHARE INDICES table showing equity groups and sub-sections with performance data for Thursday, June 14, 1979.

ELSWICK-HOPPER LIMITED Extracts from the Preliminary Announcement. Includes turnover, trading profit, and dividend data.

"RIGHTS" OFFERS table listing various stock offers with details on price, quantity, and terms.

FIXED INTEREST PRICE INDICES table showing yields for various fixed interest instruments like British Government, Under-5 years, etc.

AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Abbey Unit Trst. Mgrs. (a), Friends' Provid. Unit Trst. Mgrs. (a), and others, including their names, addresses, and contact information.

Table listing insurance and property bonds, including companies like Abbey Life Assurance Co. Ltd., Crown Life Assurance Co. Ltd., and others, with their respective details.

Table listing offshore and overseas funds, including companies like Tower Unit Trust Mgt. Ltd., Transatlantic and Gen. Secs. (C) Ltd., and others, with their respective details.

OFFSHORE AND OVERSEAS FUNDS

Table listing various offshore and overseas funds, including companies like Alexander Fund, Allen Harvey & Ross Inv. Mgt. (C.I.), and others, with their respective details.

INSURANCE AND PROPERTY BONDS

Table listing insurance and property bonds, including companies like Abbey Life Assurance Co. Ltd., Crown Life Assurance Co. Ltd., and others, with their respective details.

Table listing insurance and property bonds, including companies like Lloyds Life Assurance Co., The London & Manchester Ass. Co., and others, with their respective details.

Table listing insurance and property bonds, including companies like Prudential Pension Limited, Royal Insurance Group, and others, with their respective details.

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INDUSTRIALS—Continued

Table of industrial stocks including Shell, BP, and various manufacturing companies with columns for stock price, price change, and volume.

INSURANCE—Continued

Table of insurance companies such as Accident, Life, and Fire with financial metrics.

PROPERTY—Continued

Table of property-related stocks and companies.

INVESTMENT TRUSTS—Cont.

Table of investment trusts and funds.

FINANCE, LAND—Continued

Table of finance and land-related stocks.

DAIWA BANK logo and text: a fully integrated banking service, Head Office: Osaka, Japan.

MINES—Continued

Table of Australian mines including BHP, Anglo, and others.

TINS

Table of tin-related stocks.

OVERSEAS TRADERS

Table of overseas trading companies.

COPPER

Table of copper-related stocks.

MISCELLANEOUS

Table of miscellaneous stocks.

GOLDS EX-S-PREMIUM

Table of gold exchange premium rates.

NOTES

Notes section containing various financial notices and market updates.

REGIONAL MARKETS

Table of regional market data for various countries.

OPTIONS

Table of options contracts, specifically 3-month call rates.

LEISURE

Table of leisure-related stocks.

MOTORS, AIRCRAFT TRADES

Table of motor and aircraft trade stocks.

Garages and Distributors

Table of garage and distributor stocks.

NEWSPAPERS, PUBLISHERS

Table of newspaper and publisher stocks.

PAPER, PRINTING

Table of paper and printing stocks.

PROPERTY

Table of property-related stocks.

SHIPPING

Table of shipping stocks.

SHOES AND LEATHER

Table of shoe and leather stocks.

SOUTH AFRICANS

Table of South African stocks.

TEXTILES

Table of textile stocks.

TOBACCO

Table of tobacco stocks.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land stocks.

FINANCE, Land, etc.

Table of finance, land, and other stocks.

OILS

Table of oil stocks.

RUBBERS AND SISALS

Table of rubber and sisal stocks.

TEAS

Table of tea stocks.

India and Bangladesh

Table of India and Bangladesh stocks.

Sri Lanka

Table of Sri Lanka stocks.

Africa

Table of African stocks.

MINES

Table of mine stocks.

CENTRAL RAND

Table of Central Rand stocks.

EASTERN RAND

Table of Eastern Rand stocks.

FAR WEST RAND

Table of Far West Rand stocks.

O.F.S.

Table of O.F.S. stocks.

FINANCE

Table of finance stocks.

DIAMOND AND PLATINUM

Table of diamond and platinum stocks.

CENTRAL AFRICAN

Table of Central African stocks.

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OECD chiefs demand tighter energy control

BY ROBERT MAUTHNER IN PARIS

THE NEED for greater efforts to conserve oil and to step up production of alternative sources of energy was stressed by all Ministers yesterday at the annual meeting of the Organisation for Economic Co-operation and Development's Ministerial Council.

not be allowed to inhibit economic change. If they did, straight-forward attempts to raise the level of economic activity by printing the demand pump would probably be dissipated in higher inflation.

take the same view as higher cost production from the North Sea was now coming forward. The fact was that in the UK people were already paying £1 a gallon at the pump. That had not prevented him from increasing the tax on petrol in his Budget, raising the pump price by about 10 per cent.

BNOC likely to lose licensing privilege

BY KEVIN DONE, ENERGY CORRESPONDENT

THE BRITISH National Oil Corporation's right to have first refusal on all North Sea deals in which oil companies are proposing to buy or sell licence interests is likely to be revoked.

has slowed up offshore exploration. In opposition the Conservative Party gave this complaint a sympathetic hearing, and it is expected to announce soon this next step in bringing BNOC back in line with the rest of the industry.

Joint effort to ease oil shortage

By Kevin Done

UK OIL companies are to start pooling information about areas of the country that have been particularly hard hit by the shortage of oil supplies in try to achieve a fairer distribution of oil products to all regions.

Botha removes his Minister of Police in Cabinet shuffle

BY QUENTIN PEEL IN JOHANNESBURG

MR. P. W. BOTHA, the South African Prime Minister, yesterday carried out a major overhaul of his Cabinet to reinforce his position in the wake of the resignation of Mr. John Vorster, as President.

party, the most powerful section, and an arch-conservative with strong grass roots support. But Mr. Botha has put him into the politically irrelevant portfolios of Public Works, Statistics and Tourism, where he will be hard put to pose any real threat.

Mr. Kruger's removal has been expected for some time, since he backed Mr. Botha's rival, Dr. Connie Mulder, for the premiership last year. His clumsy handling of the Police portfolio, and callous reaction to the international outcry over the death in detention of Mr. Steve Biko, the black leader, may have contributed to his removal.

His predecessor, Mr. Lourens Muller, resigned earlier in the day after falling from the National Party nomination for the presidency. Dr. Schaik van der Merwe follows Mr. Heunis to Economic Affairs, renamed Trade, Industry and Consumer Affairs.

NALGO will back strikes over cuts

BY NICK GARNETT, LABOUR STAFF

THE NATIONAL and Local Government Officers' Association decided yesterday to give official backing to any local strikes called by its members against job cuts resulting from the Government's drive to reduce public expenditure.

well as calling for a reopening of pay settlements in light of the Budget. The motion was subsequently withdrawn. The union is anxious that all public sector unions must be involved in any fight to maintain employment levels.

THE LEX COLUMN When the lending had to stop

Index fell 14.7 to 474.2



Dunlop — batteries, like tyres, are lasting longer, and hence there is less demand. This has been the case for the past five years, argues, Chloride, but such are the ranges of new applications for batteries that the analogy with tyres is false.

on exports, the group is posting further increases of between 8 and 14 per cent, effective on July 1. Meanwhile this year's pay increase has been limited to 10 per cent. Elsewhere the quarry and building interests should recover from the first half setback and the holiday interests—ECC will be host to 100,000 customers in its caravan parks this summer—will make a seasonal contribution.

British & Commonweath Shipping is taking no chances with its dividend. Even though official controls lapse next month B & C is still holding behind them and shareholders will have to wait some time before they get an idea of how much extra cash the company is prepared to pay out.

English China Clays

The City's analysts turn out to have been too impressed by the juicy volume figures published in recent months by the china clay industry—production was up nearly a tenth in the six months to March—and not vary enough about the impact on English China Clays of the severe winter and the transport industry disputes. These troubles appear to have afflicted the group's quarrying and road-hauling activities even more than the clay division.

Although it is still listed as a shipping company the stock market has come to regard B. and C. as a glorified investment trust which is standing at generally reckoned to be over 40 per cent at the current price of 355p. This partly explains why B and C shares yield 4.3 per cent. Ever so, the dividend will have to be raised fairly smartly if the shares are going to retain their current rating.

Weather

UK TODAY CLOUDY with occasional showers. Sunny intervals. London, S.E. England. Sunny intervals. showers. Thunder later. Max. 16C (61F).

Table with columns for location, weather, and temperature. Includes entries for London, Edinburgh, Glasgow, and various international locations.

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re-opening which would be a fillip to the ailing Cornish economy, is higher now than at any time since Consolidated Cold Fields, the present owners, stopped production in May 1978.

Alusuisse in U.S. deal

BY STEWART FLEMING AND BRI KHINDARIA

ALUSUISSE, the Swiss-based aluminium producer which is the sixth largest in the world, is to acquire the U.S. motor components group, Maremont Corporation, in a deal worth \$168m (£80m) or \$42 a share.

There was speculation that the purchase was related to a move by vehicle makers to reduce the weight of components as a means of cutting fuel consumption. The acquisition of Maremont could lead Alusuisse into this field in the lucrative U.S. market.

Motor exhausts have been an important growth sector of the U.S. motor components industry in recent years because of environmental regulations. Maremont has been supplying shock absorbers and exhaust systems for the VW Rabbit and for the smaller sized Ford and Mercury models.

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Banks raise base lending rates

take at least a few months judging by the latest money supply figures. Sterling M3, the broadly defined money supply, rose by 1.3 per cent, seasonally adjusted, in the month to mid-May.

The new range of 7 to 11 per cent annual rate of increase in the 10 months to mid-April, 1980. The main recent expansionary factor has been the growth of bank lending. This can no longer be explained by the winter disturbing impact of the winter disrupting; it now clearly reflects underlying buoyancy, as shown by the rise in consumer demand and imports.

institutions, amounting to £566m last month. In contrast to the early spring, Certificate Tax Deposits, an investment for taxpayers, have not contributed, and there were redemptions of £109m as oil companies paid Petroleum Revenue Tax.

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